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Livestock and Meat Situation

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U.S. Department of
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World Food and
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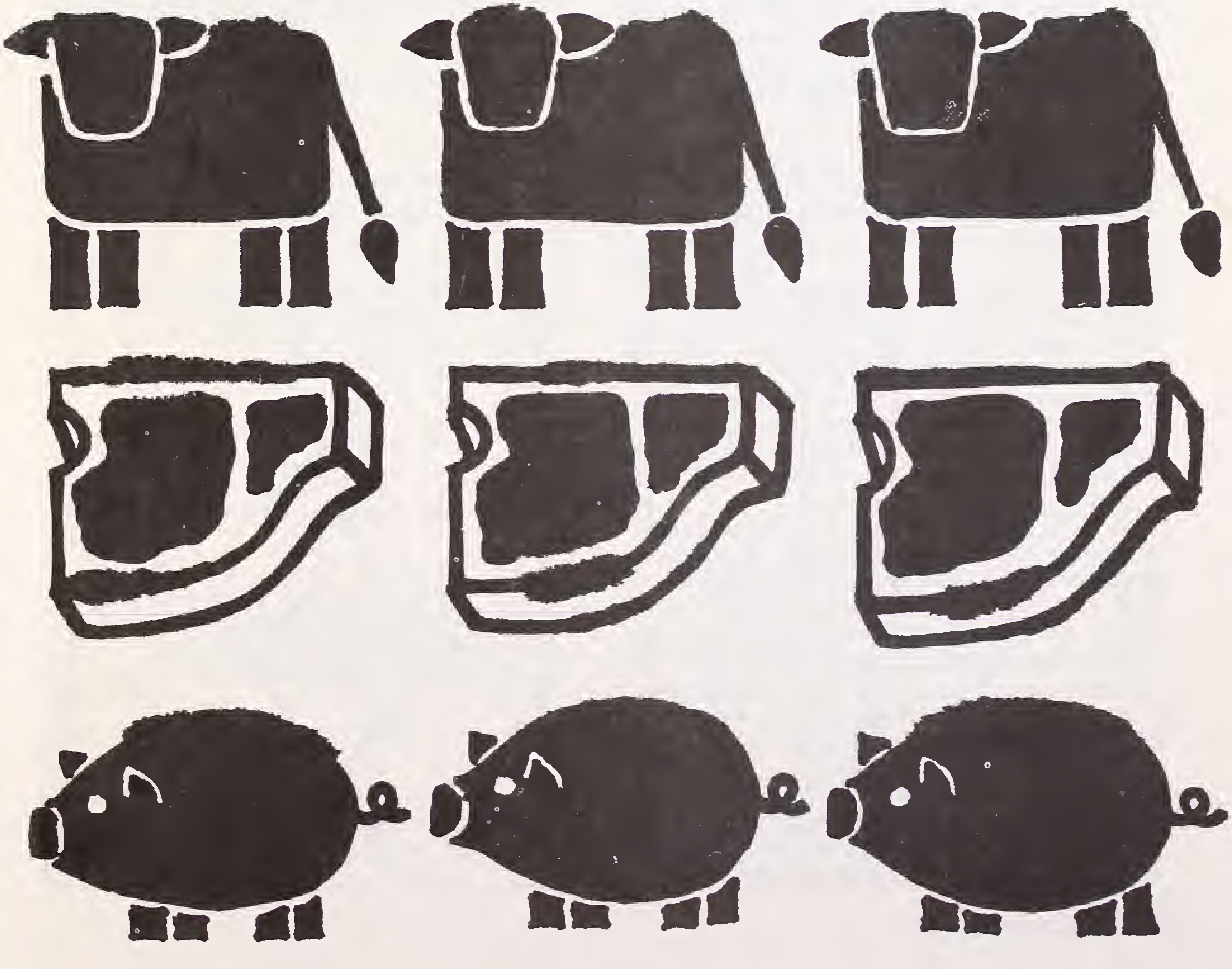
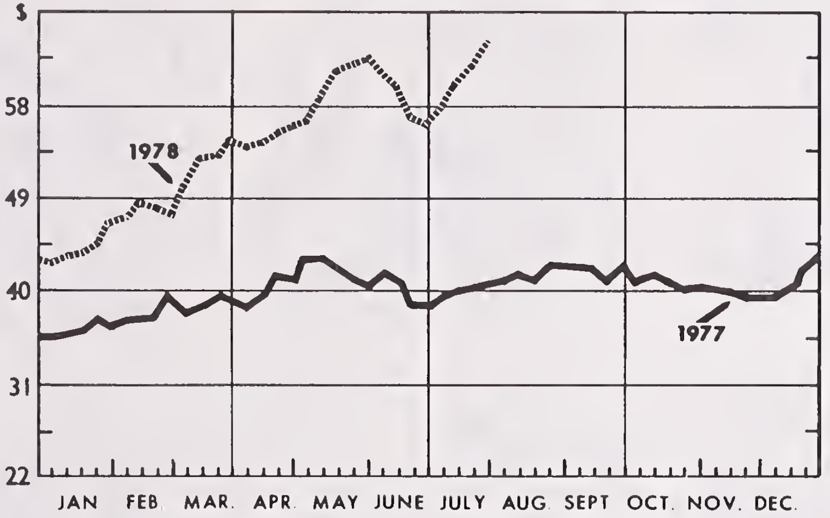
LMS-222

August
1978



AVE. PRICE CHOICE FEEDER STEERS 600—700# — KANSAS CITY



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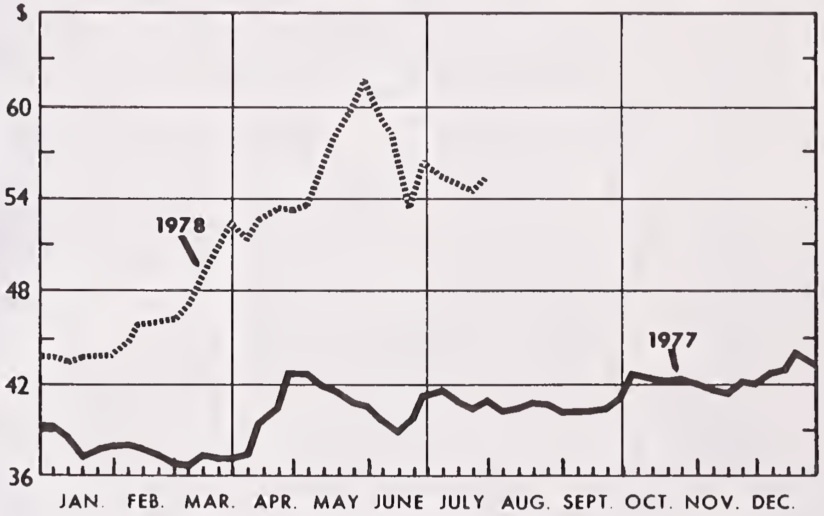
AVE. PRICE CHOICE SLAUGHTER STEERS-OMAHA 1100—1300#



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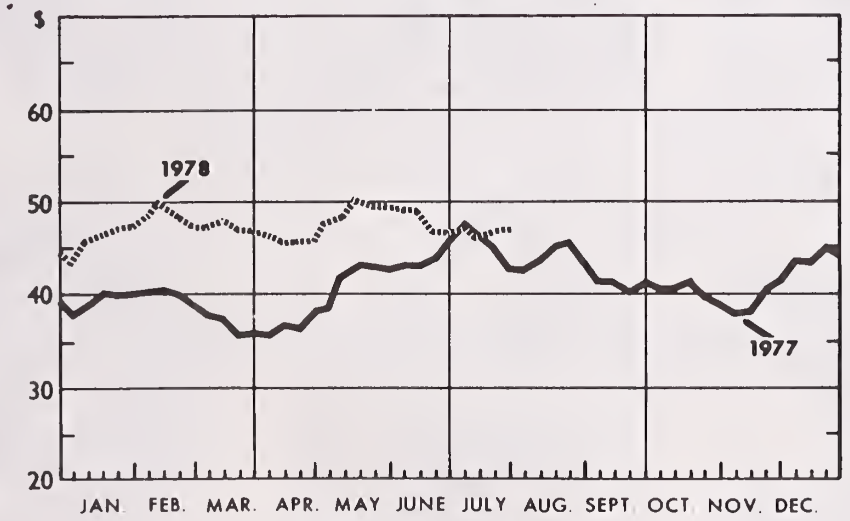
AVERAGE PRICE BARROWS & GILT*



*SEVEN MARKETS COMBINED

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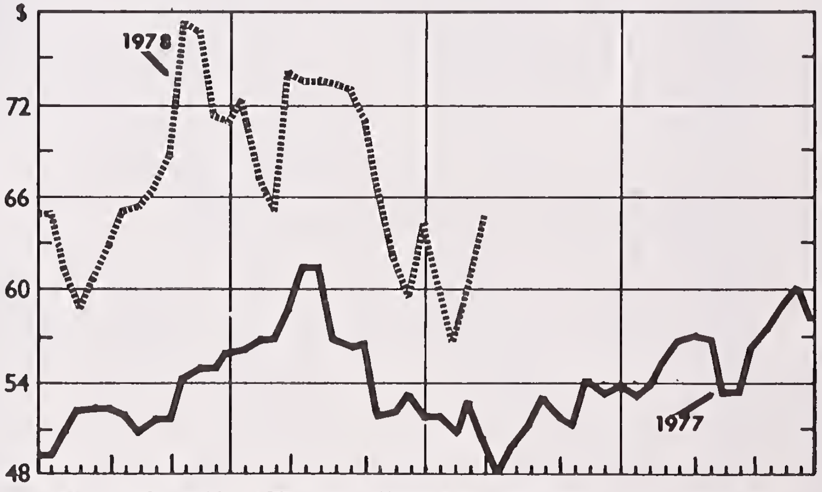
AVE. PRICE CHOICE SLAUGHTER LAMBS-SAN ANGELO



SHORN SPRING LAMBS QUOTED MARCH TO OCTOBER, WOOLED LAMBS OCTOBER TO MARCH.

X NO SALES CONFIRMED

U.S. DEPARTMENT OF AGRICULTURE Livestock, Poultry, Groin & Seed Division — AMS

LIVESTOCK AND MEAT SITUATION

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August 3, 1978

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The *Livstock and Meat Situation* is published in February, April, June, August, October and December.

SUMMARY

Liquidation of the cattle herd continues. The July 1, 1978, inventory of all cattle and calves was down 7 percent from last year. Even larger declines were reported for beef cows and beef replacement heifers, down 9 and 8 percent, respectively. These inventory declines indicate that beef production will continue to drop during the next few years.

This spring cow slaughter remained relatively high, about the same as last spring, and a record number of heifers were placed in feedlots. A large percentage of the annual calf sales occur in the fall and it may be after cattlemen sell this year's calves at higher prices before liquidation ends. Thus, a sharp decline in cow slaughter and a stepup in the holding of heifers for beef cow replacements may not occur until after this fall's marketing season for calves. The January 1, 1979, cattle and calf inventory may drop to 110 to 112 million head. This would be 15 to 17 percent below the record number of 1975 and the smallest inventory since 1970.

Cattle feeding continues at a high level as January-June net placements were 10 percent larger than a year earlier and fed cattle marketings were up 6 percent. The July 1, 1978, inventory of cattle on feed was up 12 percent from a year earlier, with steers up 7 percent and heifers up 20 percent. This suggests that fed cattle marketings will continue to exceed last year's level for the remainder of this year.

Increases in fed beef production during the remainder of this year will not offset declines in nonfed beef production and total production will decline. Beef production is expected to be down about 4 to 5 percent this summer and fall. For the year, beef production may be down about 4 percent.

Expansion in pork production during the last half of this year is expected to be slow. First-half 1978 production was about equal to the year-earlier level and second-half production may increase about 3 percent. Furthermore, producers have reported their intention to increase farrowings only 4 percent during the June-November period, despite favorable hog-corn price ratios.

Broiler production is expected to continue expanding rapidly during the second half of this year. This would keep second-half 1978 total red meat and poultry production slightly above a year ago. A continued strong demand for meats will move these supplies at prices above last year's.

Retail beef and pork prices have declined a little during the past few weeks, and little, if any, upward pressure on prices is likely through the fall. Beef prices, however, are expected to remain about one fourth above last year's level during the remainder of this year. The annual year-to-year increase in retail beef prices will probably be 20 to 25 percent. Most of this increase has come from higher farm prices, but during the last 2 months the farm-retail spread has widened substantially. This year, retail pork prices may average 10 to 12 percent above last year. This is in contrast to 1977 when beef prices at retail held about steady while pork prices declined about 7 percent.

SITUATION AND OUTLOOK

Commercial Meat Production and Livestock Prices

	1976	1977				1978			
	IV	I	II	III	IV	I	II	III[1]	IV[1]
Production:									
Beef (mil. lb.)	6,412	6,287	6,158	6,321	6,220	6,104	5,936	6,050	5,900
% Δ year earlier	+2	-3	0	-4	-3	-3	-4	-4	-5
Pork (mil. lb.)	3,669	3,294	3,184	3,073	3,500	3,242	3,264	3,250	3,550
% Δ year earlier	+27	+11	+12	+2	-5	-2	+3	+6	+1
Lamb and Mutton (mil. lb.)	92	90	86	84	81	75	76	78	75
% Δ year earlier	-6	-5	+5	-9	-12	-17	-12	-7	-4
Veal (mil. lb.)	224	201	187	205	201	178	149	140	145
% Δ year earlier	-9	-2	+5	0	-10	-11	-20	-32	-28
Total Red Meat (mil. lb.)	10,397	9,872	9,615	9,683	10,002	9,599	9,425	9,518	9,670
% Δ year earlier	+9	+1	+4	-2	-4	-3	-2	-2	-3
Broilers[2] (mil. lb.)	2,186	2,156	2,399	2,424	2,248	2,327	2,560	2,645	2,515
% Δ year earlier	+10	+2	+4	+2	+3	+8	+7	+9	+12
Turkeys[2] (mil. lb.)	664	210	365	672	645	228	397	705	670
% Δ year earlier	+5	+1	-1	-5	-3	+9	+9	+5	+4
Total Red Meat & Poultry (mil. lb.)	13,247	12,238	12,379	12,779	12,895	12,154	12,382	12,868	12,855
% Δ year earlier	+9	+1	+4	-2	-3	-1	0	+1	0
Prices:									
Choice steers, Omaha 900-1100 lb. $/cwt.	39.00	37.88	40.77	40.47	42.42	45.77	55.06	54-56	53-55
Barrows & gilts, 7 mkts. $/cwt.	34.25	39.08	40.87	43.85	41.38	47.44	47.84	46-48	45-47
Slaughter lambs, Choice San Angelo $/cwt.	45.81	52.98	55.76	51.88	56.50	67.67	69.14	64-66	66-68
Broilers, 9-city avg.[3] Cents/lb.	35.5	40.9	42.3	42.4	37.6	41.8	47.6	48-50	43-45
Turkeys, New York[4] Cents/lb.	49.0	50.2	51.5	53.1	61.3	60.2	61.4	64-66	64-66

[1] Forecast. [2] Federally inspected. [3] Wholesale weighted average. [4] Wholesale, 8-16 lb. young hens.

FEED SITUATION AND LIVESTOCK PRODUCTION COSTS

Current production prospects suggest that corn and soybean crops will be large again this year, indicating an ample supply of concentrate feeds. This probably would also mean that feed prices would favor expanded livestock feeding. However, short crops here or abroad would bolster grain and soybean prices and result in higher feed costs.

Concentrate Feed Prices to Favor Feeding

The farm price of corn has held relatively stable for the past few months. At $2.12 per bushel, the mid-July price was about 13 percent above the July 1977 average. It was during July and August last year when corn prices began their sharp drop. This year, corn prices are expected to weaken during the harvest season if the corn crop is as large as current prospects suggest. However, prices are not expected to drop to last year's low level.

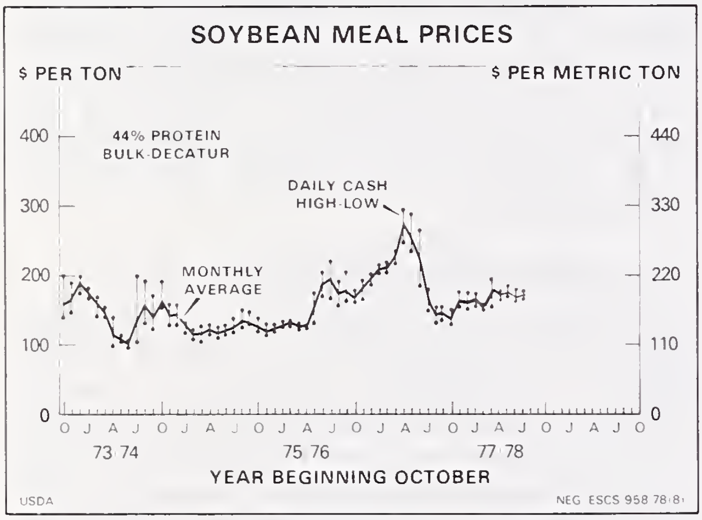
Even though another record soybean crop is expected this year, soybean meal prices have held strong, largely because of a strong export demand for soybeans and meal. Soybean meal prices may decline a little this fall, but the drop is not expected to be large.

Consequently, livestock feeding costs this summer and fall are not expected to drop to as low a level as they did last year. However, they will be lower than they were in 1975 and 1976.

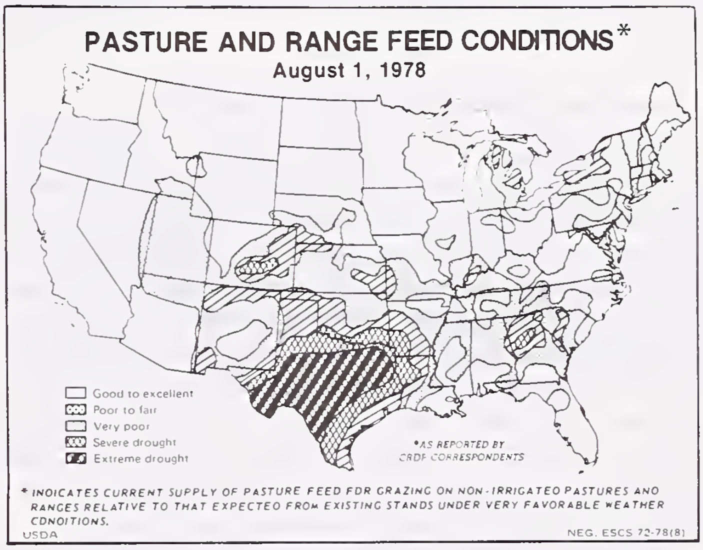
If this year's corn and soybean crops are large, total supplies may keep concentrate feed prices favorable for livestock feeding at least into early 1979. Of course, weather conditions, along with other factors, will have a significant bearing on feed supplies and prices next year.

Forage Supplies Improved

Pasture conditions over most of the United States this year have generally been much improved over last year. However, dry conditions in some areas, particularly in Texas and the Southeast, have led to poor pasture conditions. A much smaller cattle herd, however, will put less pressure on available forage supplies than in the past few years.


SOYBEAN MEAL PRICES

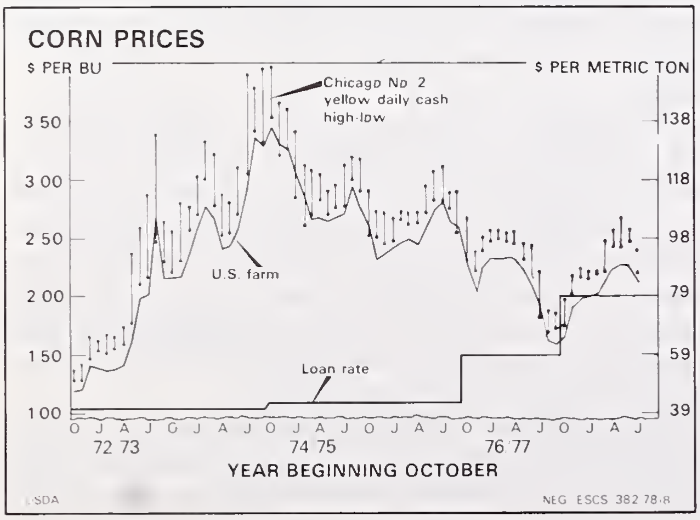
USDA NEG. ESCS 958-78(8)


PASTURE AND RANGE FEED CONDITIONS*

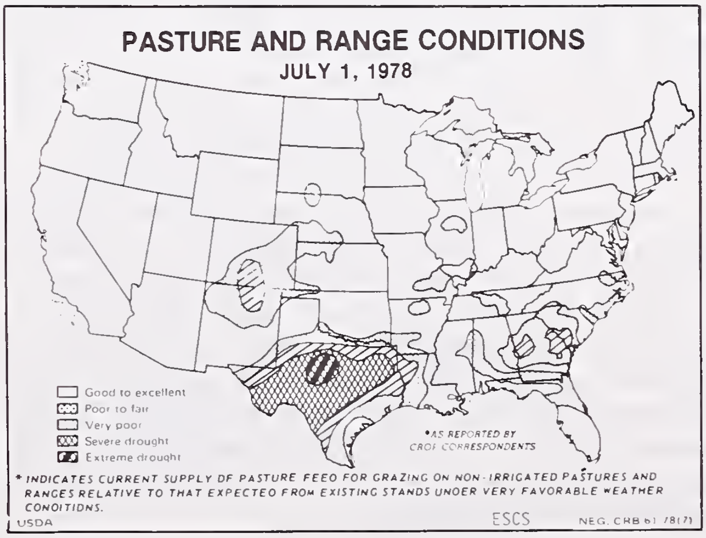
August 1, 1978

* INDICATES CURRENT SUPPLY OF PASTURE FEED FOR GRAZING ON NON-IRRIGATED PASTURES AND RANGES RELATIVE TO THAT EXPECTED FROM EXISTING STANDS UNDER VERY FAVORABLE WEATHER CONDITIONS.

USDA NEG. ESCS 72-78(8)


CORN PRICES

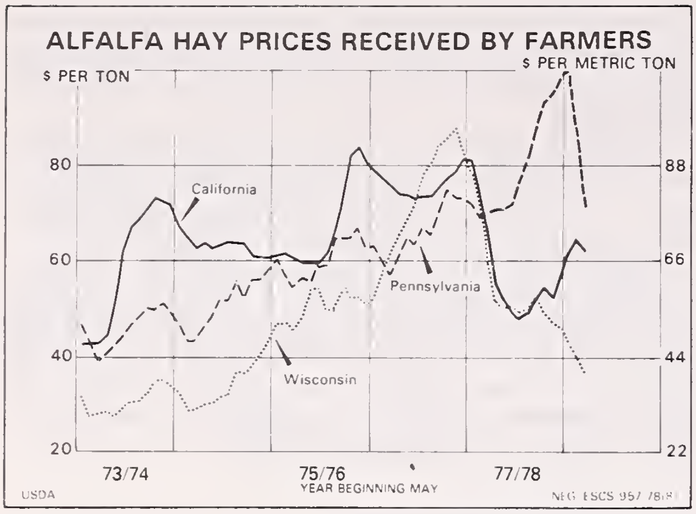
USDA NEG. ESCS 382-78(8)


PASTURE AND RANGE CONDITIONS

JULY 1, 1978

* INDICATES CURRENT SUPPLY OF PASTURE FEED FOR GRAZING ON NON-IRRIGATED PASTURES AND RANGES RELATIVE TO THAT EXPECTED FROM EXISTING STANDS UNDER VERY FAVORABLE WEATHER CONDITIONS.

USDA ESCS NEG. CRB 61-78(7)



The hay crop this year has been larger than in recent years. There should be some replenishing of hay stocks, particularly since the cattle inventory is much lower. Some hay feeding is probably necessary in the areas more severely affected by dry conditions. A continuation and spreading of the dry conditions would spell trouble for some cattlemen.

Returns To Livestock Producers Improve

For the past few months, returns to livestock producers have been much improved over a year ago. Hog prices have held in the upper $40-per-hundredweight range, above the cost of production for farrow-to-finish operators. However, profit margins are being squeezed on feeder pig finishing operations. This is mostly the result of feeder pig prices rising to a level that leaves little margin for profit. Margins will likely be negative on hogs sold this summer from feeder pig finishing operations. But on farrow-to-finish and feeder pig producing operations, returns will likely remain in the black.

The rise in feeder cattle prices has improved the profit situation for cow-calf producers. However, many producers have not yet sold any calves at the higher prices. During the next few years returns to cow-calf producers should improve further unless there is a sharp escalation of costs.

Cattle feeders have realized good profit margins on cattle marketed during the past few months, partly because many of these cattle were placed when feeder cattle prices were much below current levels. But with the rising feeder cattle prices, which are improving the returns of cow-calf producers, profit margins on fed cattle will be squeezed. With the current forecast for Choice steers to sell in the mid-$50's this fall, prices would be expected to just about equal production costs for cattle marketed this fall.

CATTLE

Liquidation of the cattle herd continues even though cattle and calf prices have risen since the first of this year. Cow slaughter has remained relatively high, and a record number of heifers have been placed in feedlots.

Liquidation should slow as more cattlemen market their calves at higher prices during the next several months. However, it probably will be after the fall marketing season, when a large percentage of the calves are sold, before there is a large drop in cow slaughter and a substantial increase in the holding of replacement breeding stock. The January 1, 1979, inventory will show another decline.

The selloff of the cattle herd during the past 3 to 4 years has contributed to the recent large supplies of beef. Even during the first half of this year, the continuing high level of cow slaughter kept beef production from dropping more than 3 percent below a year earlier.

But now, with the inventory sharply reduced, beef production will be declining more rapidly than it has during the past year and a half. Large inventories of cattle on feed and expected favorable feeding margins should keep fed cattle marketings high. On the other hand, a substantial drop in cow slaughter and a large increase in the holding of heifers for herd replacements is anticipated in 1979. Thus, beef production will be declining next year, even if more fed cattle are slaughtered. Year-to-year declines in beef production are expected at least through 1981.

July 1 Cattle Inventory Down 7 Percent

The July 1, 1978, inventory of all cattle and calves was estimated to be 121.6 million head by USDA's Crop Reporting Board, down 8.6 million head from a year ago. This is 18.6 million head, or 13 percent, fewer than were on farms July 1, 1975. This continuing decline in the inventory is the result of large financial losses incurred by cattlemen during the last few years and, perhaps more recently, the need to meet cash flow requirements by selling some animals at the improved prices.

The July 1 beef cow inventory dropped another 3.5 million head and is now 20 percent below the peak number of 1975. Retention of heifers for beef herd replacements is slow. Producers reported 5.4 million heifers being held for beef cow replacements, 8 percent fewer than a year ago. This smaller beef cow herd and the low number of heifers being held for herd replacements suggest another small calf crop next year.

The milk cow inventory was reported to be 10.8 million head, down only 1 percent from a year ago. Some of the reduction in the milk cow herd might

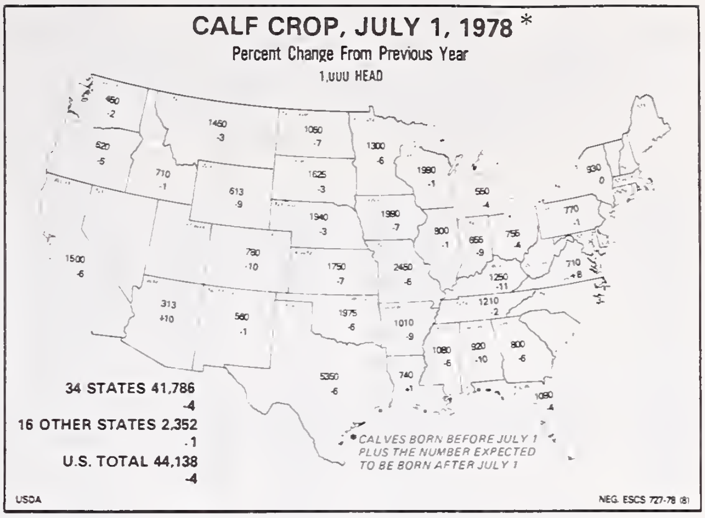
Jan. 1 cattle inventory and calf crop

Year	Cattle	Cows	Cows/ cattle	Calf crops	Calf crop/ cows
	1,000 head	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1950 ..	77,963	37,946	49	34,899	92
1951 ..	82,083	39,415	48	35,825	91
1952 ..	88,072	41,225	47	38,273	93
1953 ..	94,241	44,030	47	41,261	94
1954 ..	95,679	46,045	48	42,601	93
1955 ..	96,592	46,240	48	42,112	91
1956 ..	95,900	45,460	47	41,376	91
1957 ..	92,860	44,115	48	39,905	90
1958 ..	91,176	42,790	47	38,860	91
1959 ..	93,322	42,680	46	38,938	91
1960 ..	96,236	43,325	45	39,416	91
1961 ..	97,700	44,045	45	40,180	91
1962 ..	100,369	45,086	45	41,441	92
1963 ..	104,488	46,399	44	42,268	91
1964 ..	107,903	47,868	44	43,809	92
1965 ..	109,000	48,780	45	43,922	90
1966 ..	108,862	47,990	44	43,537	91
1967 ..	108,783	47,495	44	43,803	92
1968 ..	109,371	47,685	44	44,315	93
1969 ..	110,015	48,040	44	45,177	94
1970 ..	112,369	48,780	43	45,871	94
1971 ..	114,578	49,786	43	46,738	94
1972 ..	117,862	50,585	43	47,682	94
1973 ..	121,539	52,553	43	49,194	94
1974 ..	127,788	54,478	43	50,873	93
1975 ..	132,028	56,931	43	50,183	88
1976 ..	127,980	54,974	43	47,440	86
1977 ..	122,810	52,424	43	46,057	88
1978 ..	116,265	49,677	43	44,138	89

July 1 cattle inventory

Class	1976	1977	1978	1978/ 1977
	1,000 head			*% change*
Cattle and calves ..	133,659	130,195	121,575	-7
Cows and heifers that have calved .	53,940	52,171	48,482	-7
Beef cows	42,882	41,175	37,635	-9
Milk cows	11,058	10,996	10,847	-1
Heifers 500 pounds and over .	18,919	18,356	18,052	-2
For beef cow replacement ...	6,527	5,839	5,362	-8
For milk cow replacements ..	3,942	4,005	3,938	-2
Other heifers	8,450	8,512	8,752	+1
Steers 500 pounds and over	18,671	18,652	17,818	-4
Bulls 500 pounds and over	2,759	2,685	2,456	-9
Heifers, steers and bulls under 500 pounds	39,370	38,371	34,767	-9
Calf crop[1]	47,440	46,057	44,138	-4

[1] For 1978, the calf crop is the number of calves born before July 1 plus the number expected to be born after July 1.

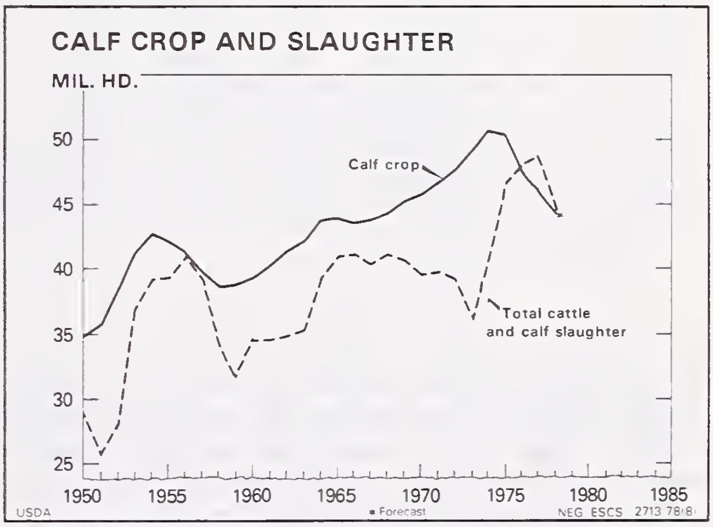


CALF CROP, JULY 1, 1978 *

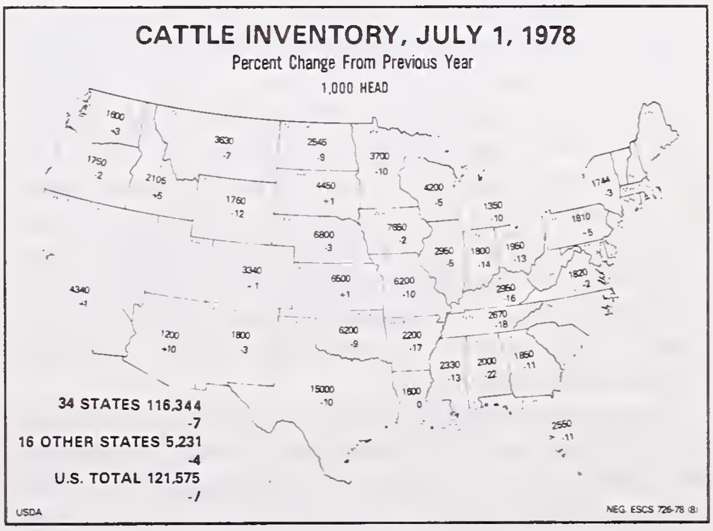
Percent Change From Previous Year

1,000 HEAD

* CALVES BORN BEFORE JULY 1 PLUS THE NUMBER EXPECTED TO BE BORN AFTER JULY 1



CALF CROP AND SLAUGHTER



CATTLE INVENTORY, JULY 1, 1978

Percent Change From Previous Year

1,000 HEAD

Table 1— Cattle balance sheet

Year	On farms Jan. 1	Imports	Calf crop	Total supply	Slaughter		Death loss	Exports	Total disap-perance	To balance	On farms Dec. 31
					Cattle	Calves					
						1,000 head					
1950	77,963	461	34,899	113,323	18,614	10,501	3,742	8	32,865	+1,625	82,083
1951	82,083	239	35,825	118,147	17,084	8,902	3,863	8	29,857	-218	88,072
1952	88,072	140	38,273	126,485	18,625	9,388	4,034	11	32,058	-186	94,241
1953	94,241	198	41,261	135,700	24,465	12,200	4,060	15	40,740	+719	95,679
1954	95,679	86	42,601	138,366	25,889	13,270	4,063	21	43,243	+1,469	96,592
1955	96,592	314	42,112	139,018	26,587	12,864	4,052	35	43,538	+420	95,900
1956	95,900	159	41,376	137,435	27,755	12,999	3,912	37	44,703	+128	92,860
1957	92,860	728	39,905	133,493	27,068	12,353	3,801	44	43,266	+949	91,176
1958	91,176	1,152	38,860	131,188	24,368	9,738	3,810	26	37,942	+76	93,322
1959	93,322	709	38,938	132,969	23,722	8,072	3,876	51	35,721	-1,012	96,236
1960	96,236	663	39,416	136,315	26,029	8,615	4,100	32	38,776	+161	97,700
1961	97,700	1,043	40,180	138,923	26,471	8,080	4,018	24	38,593	+39	100,369
1962	100,369	1,250	41,441	143,060	26,911	7,857	4,125	19	38,912	+340	104,488
1963	104,488	852	42,268	147,608	28,070	7,204	4,040	23	39,337	-368	107,903
1964	107,903	547	43,809	152,259	31,678	7,632	4,232	62	43,604	+345	109,000
1965	109,000	1,128	43,922	154,050	33,171	7,788	4,248	54	45,261	+73	108,862
1966	108,862	1,100	43,537	153,499	34,173	6,863	4,049	35	45,120	+404	108,783
1967	108,783	752	43,803	153,338	34,297	6,110	4,045	55	44,507	+540	109,371
1968	109,371	1,039	44,315	154,725	35,418	5,616	4,012	36	45,082	+372	110,015
1969	110,015	1,042	45,177	156,234	35,573	5,011	4,123	39	44,746	+881	112,369
1970	112,369	1,168	45,871	159,408	35,354	4,203	4,297	88	43,942	-888	114,578
1971	114,578	991	46,738	162,307	35,895	3,821	4,464	93	44,273	-172	117,862
1972	117,862	1,186	47,682	166,730	36,083	3,184	5,136	104	44,507	-684	121,539
1973	121,539	1,039	49,194	171,772	34,027	2,376	6,497	273	43,173	-811	127,788
1974	127,788	568	50,873	179,229	37,327	3,172	6,100	204	46,803	-398	132,028
1975	132,028	389	50,183	182,600	41,464	5,406	6,992	196	54,066	-562	127,980
1976	127,980	984	47,440	176,404	43,196	5,528	5,190	205	53,929	+525	122,810
1977	122,810	1,133	46,057	170,000	42,381	5,702	6,000	107	54,183	+455	116,265
1978[1]	116,265	1,100	44,138	161,503	40,150	4,350	6,000	150	50,650		110-112

[1] Forecast.

be attributed to the higher prices for cull cows which prompted dairymen to sell some of their less productive cows. This could have contributed to the relatively high level of cow slaughter this spring.

The midyear estimate of the 1978 calf crop was 44.1 million head, down 4 percent from last year's. This would be the smallest calf crop since 1968 and 13 percent smaller than the record large calf crop of 1974. The 44.1-million-head calf crop is 88.8 percent of the January 1, 1978, inventory of all cows that have calved.

The cattle and calf inventory will continue to decline during the remainder of this year, though the rate of decline should slow. Cattle and calf slaughter is expected to total about 44.5 million head for the year. With the smaller calf crop and an estimated death loss of about 6 million head, the January 1, 1979, inventory of all cattle and calves is expected to be between 110 and 112 million head. At this projected level, it would be 15 to 17 percent below the peak number of 132 million head on January 1, 1975, and the lowest the inventory has been since 1970.

The projected 1978 total cattle and calf slaughter of about 44.5 million head would exceed the estimated calf crop for the third consecutive year. However, this year the difference would be small compared with the over-2-million-head difference last year.

Feeder Cattle Supply Continues To Decline

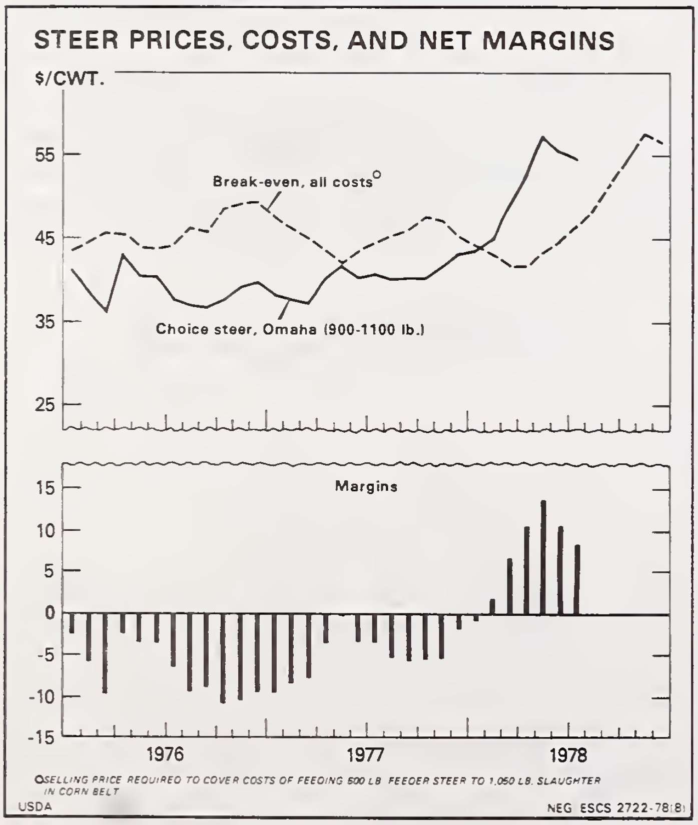
The July 1 inventory of calves weighing less than 500 pounds was estimated to be 34.8 million head, down 9 percent from a year ago. The estimated number of calves in U.S. feedlots on July 1 was 687,000 head, an increase of 29 percent from last year. After subtracting the number in feedlots from the total calf inventory, it leaves 34.1 million head of feeder calves outside feedlots, down 10 percent from July 1, 1977.

The inventory of steers and heifers (excluding replacement heifers) weighing 500 pounds and over was estimated to be 26.6 million head on July 1, down 2 percent from a year earlier. The 18-percent decline in calf slaughter during the first half of this year helped keep this inventory class during the first half of this year from declining even more. Also, an increase in the number of calves placed on feed during the first half of this year probably contributed to this small drop inasmuch as rates of gain are usually higher for animals in feedlots than for those on pastures.

Steer prices, costs, and net margins[1]

Year	Steers Omaha	Feed & Feeder	Break-even	Net margin
	$ per cwt.			
1976				
Jan.	41.18	37.83	43.50	-2.32
Feb.	38.80	39.05	44.67	-5.87
Mar.	36.14	40.04	45.79	-9.65
Apr.	43.12	39.39	45.30	-2.18
May	40.62	38.15	44.01	-3.39
June	40.52	38.12	43.98	-3.46
July	37.92	38.34	44.17	-6.25
Aug.	37.02	40.40	46.40	-9.38
Sept.	36.97	39.94	45.94	-8.97
Oct.	37.88	42.53	48.68	-10.80
Nov.	39.15	43.28	49.42	-10.27
Dec.	39.96	43.37	49.49	-9.53
1977				
Jan.	38.38	40.85	47.82	-9.44
Feb.	37.98	40.46	46.35	-8.37
Mar.	37.28	39.25	45.06	-7.78
Apr.	40.08	37.86	43.66	-3.58
May	41.98	36.24	42.07	-0.09
June	40.24	37.73	43.58	-3.34
July	40.94	38.50	44.41	-3.47
Aug.	40.11	39.28	45.31	-5.20
Sept.	40.35	40.01	46.10	-5.75
Oct.	42.29	41.46	47.65	-5.36
Nov.	41.83	40.77	47.04	-5.21
Dec.	43.13	38.88	45.09	-1.96
1978				
Jan.	43.62	38.04	44.27	-0.65
Feb.	45.02	36.92	43.12	+1.90
Mar.	48.66	35.76	41.92	+6.74
Apr.	52.52	35.80	41.95	+10.57
May	57.28	37.34	43.54	+13.74
June	55.38	38.57	44.82	+10.56
July	54.59	40.01	46.42	+8.17
Aug.		42.03	48.70	
Sept.		45.20	52.04	
Oct.		47.74	54.71	
Nov.		50.83	57.91	
Dec.		49.63	56.66	
1979				
Jan.				
Feb.				
Mar.				

[1] Selling price required to cover costs of feeding 600 lb. feeder steer to 1,050 lb. slaughter in Corn Belt.


STEER PRICES, COSTS, AND NET MARGINS

○SELLING PRICE REQUIRED TO COVER COSTS OF FEEDING 600 LB. FEEDER STEER TO 1,050 LB. SLAUGHTER IN CORN BELT

USDA NEG. ESCS 2722-78(8)

July 1 feeder cattle supply

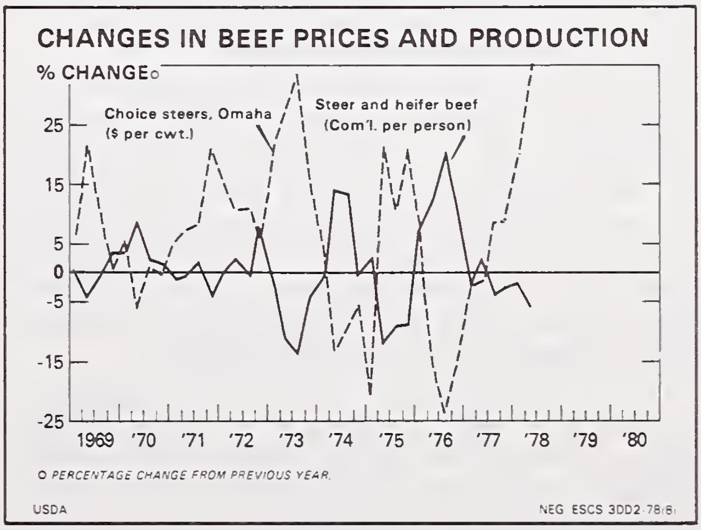
Item	1975	1976	1977	1978	%[3]
	1,000 head				
Calves under 500 lb.					
On farms	42,793	39,370	38,331	34,767	-9
On feed[1]	403	442	533	687	+29
Feeder supply	42,390	38,928	37,798	34,080	-10
Steers and heifers over 500 lb.[2]					
On farms	24,981	27,121	27,164	26,570	-2
On feed[1]	8,507	10,055	9,677	10,723	+11
Feeder supply	16,474	17,066	17,487	15,847	-9
Total feeder supply	58,864	55,994	55,285	49,927	-10

[1] Estimated U.S. steers and heifers. [2] Not including heifers for cow replacements. [3] Percent change from 1977.

Feeder steer prices consistent with break-even, given corn and fed steer prices[1]

Corn (Farm price)	Choice steers, $/cwt. 40	45	50	55	60	65
$/bu.	*Feeder steers, $/cwt.*					
1.75	33	42	51	59	68	77
2.00	31	40	49	58	66	75
2.25	29	38	47	56	64	73
2.50	28	36	45	54	63	71
2.75	26	34	43	52	61	69
3.00	24	33	41	50	59	68
3.25	22	31	39	48	57	66
3.50	20	29	38	46	55	64

[1] Assuming all other costs at June 1978 levels. (see corn belt cattle feeding table).


CHANGES IN BEEF PRICES AND PRODUCTION

○ PERCENTAGE CHANGE FROM PREVIOUS YEAR.

USDA NEG. ESCS 3002-78(8)

On July 1, 1978, there were an estimated 10.7 million head of steers and heifers weighing 500 pounds and over in feedlots. This left 15.8 million yearling feeder cattle outside feedlots, 9 percent fewer than a year ago.

The total July 1 supply of feeder cattle outside feedlots was estimated at 49.9 million head, 10 percent fewer than a year ago. While the potential supply of feeder cattle is down, placements in feedlots for the remainder of this year are expected to match, and probably exceed, the record number placed during the last 6 months of 1977. This large level of placements will be made possible by significant declines in the slaughter of calves and nonfed steers and heifers.

Cattle Feeding To Continue At a High Level

Following record placements of cattle on feed during the last half of 1977, cattle feeders again placed a large number of cattle during the first 6 months of this year. Net placements for January through June were 10 percent larger than a year earlier. Fed cattle marketings during this same 6-month period were 6 percent larger. This resulted in a July 1, 1978, inventory of cattle on feed in the 23 States of 10.9 million head, 12 percent more than a year earlier.

Placements during the second half of this year are also expected to exceed those of a year ago, although by much less than the 10-percent increase reported for the first 6 months of this year.

Grain prices for the remainder of this year, and into next year, are expected to favor cattle feeding. If prospects for this year's corn crop remain good, corn prices likely will weaken during the harvest season. However, they are not expected to drop as low as they did last year. Fed cattle prices are expected to average in the mid-$50's for the remainder of this year. This combination of feed and fed cattle prices would favor a continuing high level of cattle feeding. However, the declining supply of feeder cattle and their rising costs will tend to restrict the level of placements.

Based on the July 1 inventory of cattle on feed in the heavier weight groups, fed cattle marketings for July-September are expected to rise about 7 percent above a year earlier. This would be at about the same level as the reported marketing intentions of producers. However, the level of marketings this summer will depend on the number of heavy weight cattle placed early in the quarter, rates of gain, and producers' marketing decisions.

Fourth quarter fed cattle marketings are expected to be about 5 percent above a year earlier. Cattle on feed in the middle weight groups, which normally account for a large share of fourth quarter marketings, were about 19 percent above a year earlier on July 1. Placements of heavier weight cattle this summer are not expected to match last summer's level, and this will hold fourth quarter marketings below the level that might be suggested by the increase in the middle weight groups.

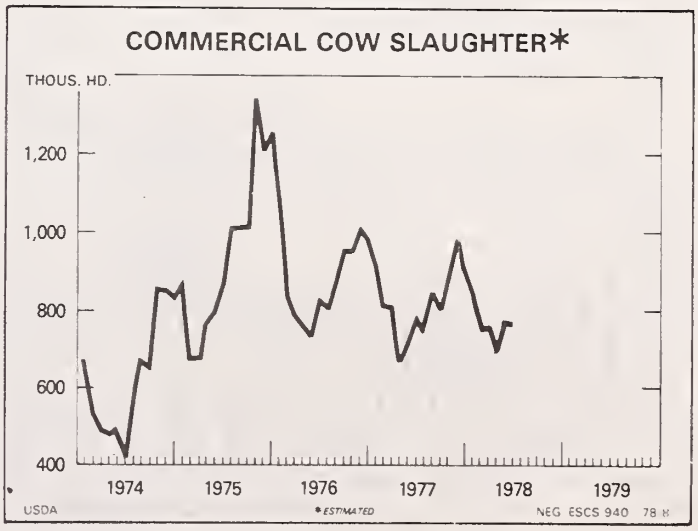
Looking further into the future, cattle feeding is expected to continue at a high level. If this year's corn and soybean crops are lrge as currently expected, feed prices should remain relatively favorable for feeding well into next year. Placements of cattle in feedlots in early 1979 are expected to exceed the year-earlier level. A sharp drop in the slaughter of calves and nonfed steers and heifers will make this higher level of feeding possible even though calf crops are smaller. Placement weights will likely decline, and feedlot inventories will continue above year-earlier levels. This will support higher levels of fed cattle marketings.

Cow Slaughter Remains Relatively High

Cow slaughter during the second quarter of this year was about the same as a year earlier. Culling of dairy cows may have contributed to this high level of slaughter, but slaughter of cull cows from the beef herd has been large.

In general, forage supplies are much improved over the past 2 or 3 years, but pasture conditions have deteriorated in some areas because of dry weather. Some cows may have moved to slaughter from these areas because of low forage supplies. Also, cattlemen may have sent some cows to slaughter to help with cash flow problems. Uneasiness on the part of cattlemen about future prices has also contributed to a high cow slaughter.

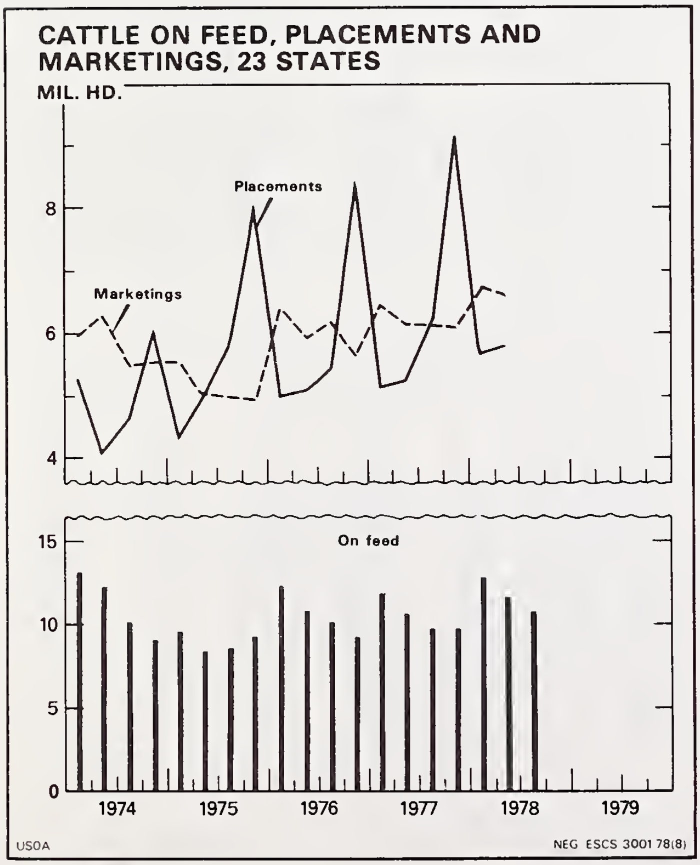
Cow slaughter during the next several months will depend on forage supplies and the degree to which confidence is built among cow-calf producers. Cow slaughter during the last half of this year is expected to drop 14 to 15 percent below a year earlier, a higher level of cow slaughter than was


COMMERCIAL COW SLAUGHTER*

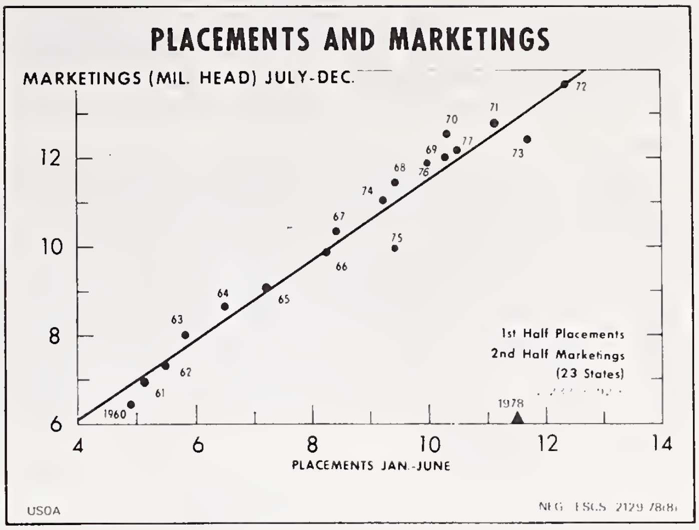
Cattle on feed, placements, and marketings, 23 States

Item	1975	1976	1977	1978	1978/ 1977
	1,000 head				*% change*
On feed Apr. 1 . .	8,478	10,900	10,619	11,716	+10
Placements, Apr.-June	5,549	5,614	6,007	6,529	+9
Marketings, Apr.-June	5,024	5,941	6,147	6,591	+7
Other disappearance, Apr.-June	453	519	714	734	+3
On feed July 1 . .	8,550	10,054	9,765	10,920	+12
Steer & steer calves	5,701	6,607	6,378	6,855	+7
-500 lb.	182	197	284	319	+12
500-699 lb. . .	1,078	1,079	1,042	1,168	+12
700-899 lb. . .	2,246	2,502	2,370	2,759	+16
900-1,099 lb.	1,858	2,263	2,267	2,237	-1
1,100 + lb. . .	337	566	415	372	-10
Heifers and heifer calves	2,785	3,390	3,346	4,011	+20
-500 lb.	202	224	224	335	+50
500-699 lb. . . .	998	1,091	1,031	1,278	+24
700-899 lb. . . .	1,256	1,553	1,624	1,831	+13
900 + lb.	329	522	467	567	+21
Cows	64	57	41	54	+32
Marketings, July-Sept.	5,019	6,200	6,159	[1] 6,596	+7

[1] Intentions.



USDA NEG ESCS 3001 78(8)



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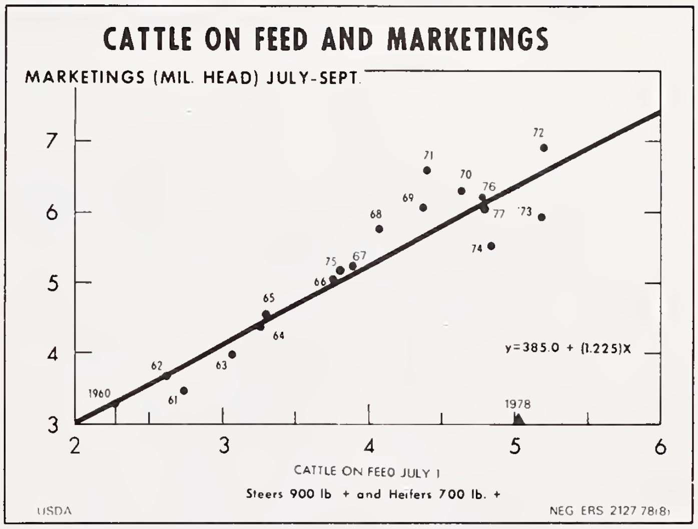

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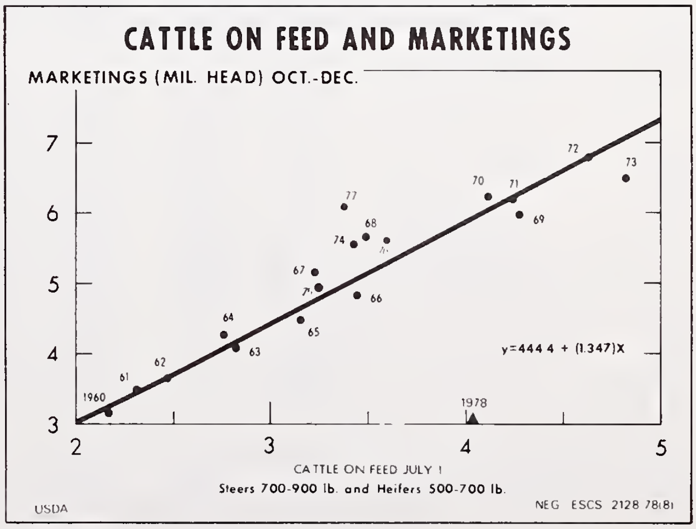


USDA NEG ESCS 2128 78(8)

expected earlier this year. However, a continuation of dry conditions in some parts of the country could push cow slaughter even higher. For the year, cow slaughter may total 8.8 to 9.0 million head.

After the fall marketing season for calves, cow slaughter may begin to show large declines. A large proportion of the annual calf sales occur in the fall. When producers sell calves at this year's higher prices, it will help them meet cash flow needs and restore their confidence in the market. Thus, with good pasture conditions in 1979, a sharp drop of perhaps a fifth or more in cow slaughter is expected.

Beef Production To Continue Declining

Beef production during the last half of this year will continue below year-earlier levels. A sharp reduction in the slaughter of nonfed steers and heifers and some decline in cow slaughter will more than offset the increases in fed cattle slaughter.

This summer, beef production is expected to total a little over 6 billion pounds, down 4 percent from last year. Pasture conditions, however, will influence this summer's production, as will rates of gain and producers' marketing decisions.

Production this fall could drop about 5 percent below a year earlier, totaling about 5.9 billion pounds. This mix of production would continue to consist of more fed and less nonfed beef. Again, forage supplies, rates of gain, and producers' marketing decisions will determine the level of production.

Cattle Prices To Remain Strong

Both fed cattle prices and feeder cattle prices are expected to remain near or above late July levels for the remainder of the year. The demand for beef continues to be strong as relatively large quantities of beef have recently been moving through the retail market at prices 25 to 30 percent above last July. The higher retail beef prices do not appear to have generated significant consumer resistance. A

Table 2—Beef supplies and prices

Year and quarter	Commercial cattle slaughter[1]						Average dressed weight	Commercial production	Per capita consumption[2]	Prices			
	Steers and heifers			Cows	Bulls and stags	Total				Retail	Choice Feeders 600-700 lb. Kansas City	Choice Steers Omaha 900-1100 lb.	Farm[3]
	Fed	Non-fed	Total										
	1,000 head						*Lb.*	*Mil. lb.*	*Lb.*	*Cents/lb.*	*$/cwt.*		
1974: I	6,100	560	6,660	1,689	165	8,514	638	5,434	28.3	152.6	47.78	45.46	42.83
II	6,430	817	7,247	1,391	179	8,817	639	5,638	28.8	141.7	39.80	40.01	36.37
III	5,680	1,526	7,206	1,913	244	9,363	614	5,751	29.4	148.8	34.64	43.91	34.97
IV	5,670	1,695	7,365	2,521	232	10,118	595	6,021	30.3	142.1	29.31	38.19	28.83
Year	23,880	4,598	28,478	7,514	820	36,812	621	22,844	116.8	146.3	37.88	41.89	35.60
1975: I	5,690	1,611	7,301	2,224	208	9,733	600	5,842	30.3	137.2	27.39	35.72	27.33
II	5,200	1,658	6,858	2,419	273	9,550	586	5,593	28.4	155.3	34.67	48.03	34.57
III	5,190	1,913	7,103	3,124	312	10,539	564	5,942	30.2	166.0	35.54	48.64	33.83
IV	5,130	1,865	6,995	3,790	304	11,089	568	6,296	31.2	160.9	38.06	46.05	33.07
Year	21,210	7,047	28,257	11,557	1,097	40,911	579	23,673	120.1	154.8	33.91	44.61	32.30
1976: I	6,550	1,375	7,925	2,748	240	10,913	595	6,492	32.8	151.3	39.19	38.71	33.37
II	6,150	1,429	7,579	2,330	261	10,170	604	6,145	31.2	150.8	43.89	41.42	37.17
III	6,430	1,605	8,035	2,612	262	10,909	607	6,618	33.5	145.4	38.10	37.30	32.97
IV	5,910	1,588	7,498	2,929	235	10,662	601	6,412	31.8	145.4	36.40	39.00	31.93
Year	25,040	5,997	31,037	10,619	998	42,654	602	25,667	129.3	148.2	39.40	39.11	33.70
1977: I	6,710	1,009	7,719	2,535	212	10,466	601	6,287	31.7	144.6	37.77	37.88	33.07
II	6,400	1,406	7,806	2,162	225	10,193	604	6,158	30.9	146.4	41.10	40.77	35.20
III	6,420	1,567	7,987	2,398	244	10,629	595	6,321	32.0	149.0	41.16	40.47	34.70
IV	6,360	1,217	7,577	2,769	222	10,568	588	6,220	31.3	153.4	40.70	42.42	34.97
Year	25,890	5,199	31,089	9,864	903	41,856	597	24,986	125.9	148.4	40.18	40.38	34.40
1978: I	7,050	654	7,704	2,316	184	10,204	598	6,104	30.5	162.8	47.89	45.77	40.30
II	6,865	648	7,513	2,148	211	9,872	601	5,936	29.9	185.7	58.28	55.06	49.63
III													
IV													
Year													

[1] Classes estimated. [2] Total, including farm production. [3] Annual is weighted average.

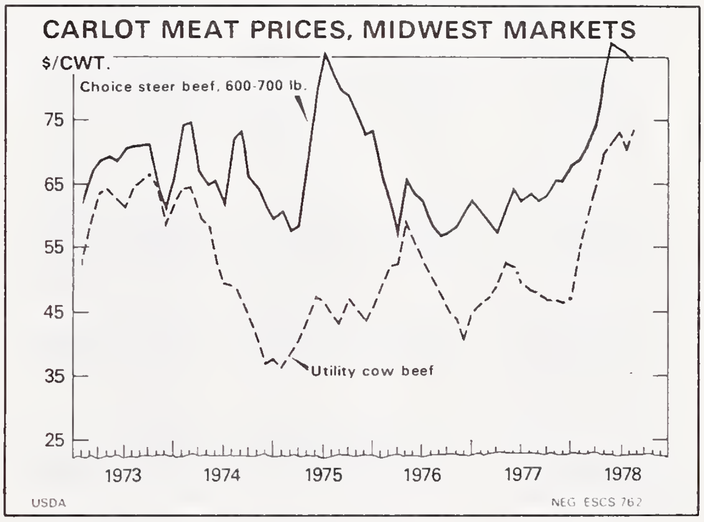
Federally inspected cattle slaughter

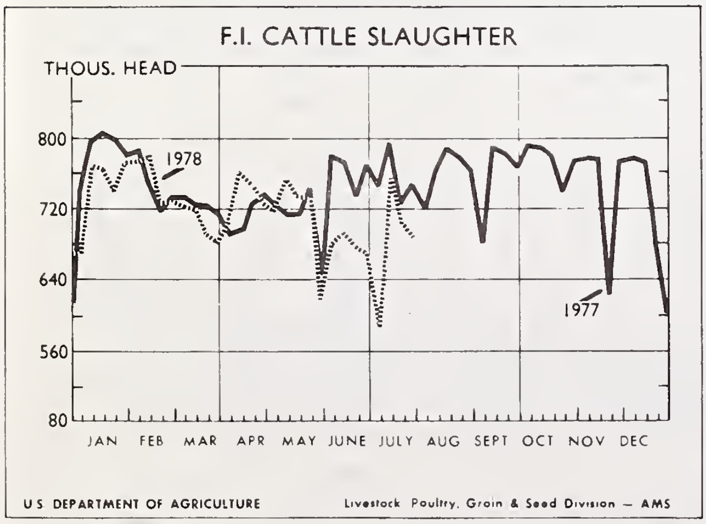
Week ended 1978[1]	Cattle		Steers		Cows	
	1977	1978	1977	1978	1977	1978
	Thousands					
Jan. 7	738	671	325	307	193	169
14	792	791	357	366	195	192
21	804	760	347	357	212	176
28	800	737	333	343	210	173
Feb. 4	783	774	353	363	189	181
11	789	765	356	366	195	171
18	751	777	332	375	186	173
25	719	727	329	343	173	171
Mar. 4	731	729	339	345	173	162
11	735	725	348	357	167	145
18	726	717	342	341	162	160
25	725	689	342	323	158	150
Apr. 1	714	683	354	324	144	146
Apr. 8	695	704	342	329	135	163
15	700	767	343	377	147	156
22	725	744	354	356	155	154
29	738	735	357	337	162	168
May 6	726	717	358	344	151	158
13	715	752	345	368	152	153
20	719	730	348	350	160	161
27	742	722	365	348	155	152
June 3	648	618	330	297	133	132
June 10	780	695	385	324	174	157
17	775	694	382	328	174	156
24	737	678	372	318	147	155
July 1	769	683	380	325	171	145
July 8	644	582	317	294	138	102
15	783	754	370	330	185	176
22	727	705	345		162	
29	746		355		169	
Aug. 5	722		349		160	
12	760		368		160	
19	787		366		181	
26	781		358		182	
Sept. 2	762		351		167	
Sept. 9	687		318		147	
16	791		343		187	
23	783		341		186	
30	770		337		173	
Oct. 7	791		343		184	
14	791		339		199	
21	781		343		203	
28	738		315		190	
Nov. 4	774		328		210	
11	778		342		209	
18	776		334		227	
25	625		284		163	
Dec. 2	783		338		219	
Dec. 9	788		347		213	
16	782		348		211	
23	681		312		173	
30	603		284		142	

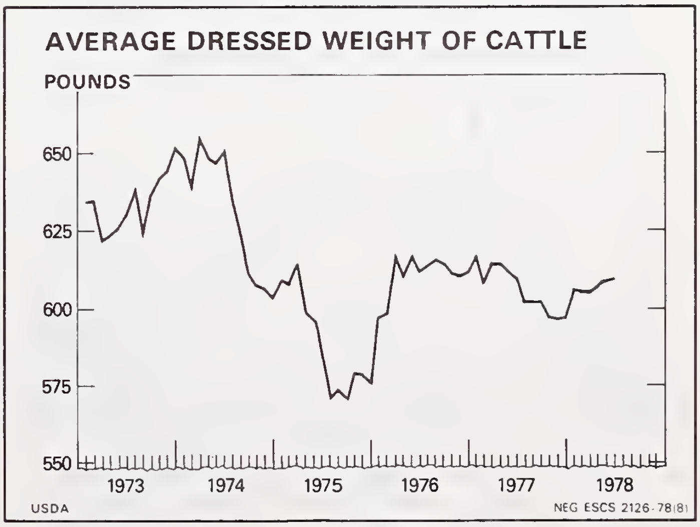
[1] Corresponding date: 1977, January 8.

Utility cow prices per 100 pounds, Omaha

Month	1973	1974	1975	1976	1977	1978
	Dollars					
January	26.67	31.45	16.82	23.26	22.95	27.59
February	31.43	32.65	18.18	25.90	23.88	30.34
March	33.90	31.76	19.45	27.45	26.67	32.44
April	33.59	30.50	21.67	30.72	27.63	36.94
May	34.26	27.67	23.55	30.24	26.57	39.21
June	33.09	26.39	23.32	27.47	25.64	37.61
July	34.22	24.22	22.00	25.80	25.23	38.09
August	37.56	24.54	21.29	25.10	25.38	
September	34.58	22.56	22.45	22.90	26.12	
October	33.68	19.68	22.01	22.72	24.89	
November	30.71	17.62	20.73	20.59	23.80	
December	30.14	17.67	21.64	21.60	25.02	
Average	32.82	25.56	21.09	25.31	25.32	


CARLOT MEAT PRICES, MIDWEST MARKETS


F.I. CATTLE SLAUGHTER


AVERAGE DRESSED WEIGHT OF CATTLE

Veal supplies and prices

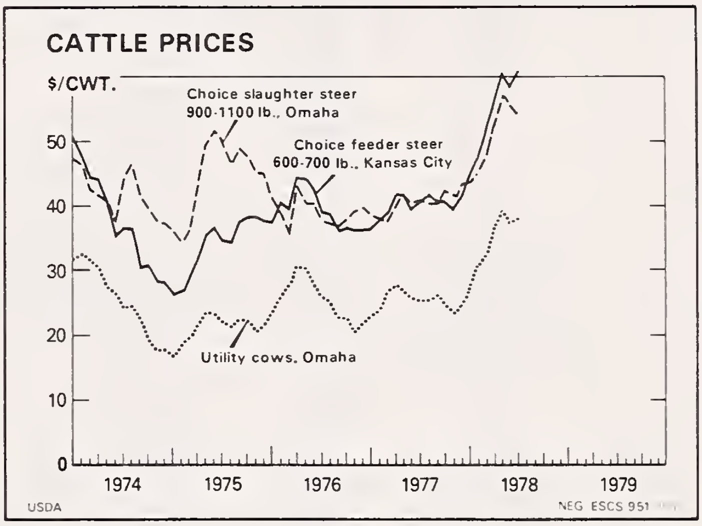
	Commercial			Per capita[1]	Prices		
	Slaughter	Av. dr. wt.	Production		Retail	Choice vealers So. St. Paul	Farm
	1,000 head	*Lb.*	*Mil. lb.*	*Lb.*	*Cents per lb.*	*$/cwt.*	*$/cwt.*
1973							
I . . .	685	140	96	.5	169.4	63.00	53.63
II . . .	489	155	76	.4	181.0	63.43	58.00
III . .	475	154	73	.4	186.8	67.68	62.87
IV . .	600	133	80	.5	189.5	62.21	53.53
Year . .	2,249	145	325	1.8	181.7	64.08	56.60
1974							
I . . .	614	135	83	.5	197.3	63.17	52.33
II . . .	585	144	84	.4	193.9	54.38	42.50
III . .	762	159	121	.6	194.4	43.96	33.47
IV . .	1,026	150	154	.8	190.7	37.02	26.13
Year . .	2,987	148	442	2.3	194.1	49.63	35.20
1975							
I . . .	1,068	155	166	.9	183.4	38.68	24.40
II . . .	1,137	160	182	.9	182.1	42.18	28.37
III . .	1,449	160	232	1.2	182.1	37.56	26.67
IV . .	1,555	159	247	1.2	177.0	43.33	28.30
Year . .	5,209	159	827	4.2	181.1	40.44	27.20
1976							
I . . .	1,370	150	206	1.0	173.8	50.84	33.13
II . . .	1,195	149	178	.9	174.3	44.01	38.23
III . .	1,349	152	205	1.0	174.9	38.62	34.00
IV . .	1,436	156	224	1.1	170.1	47.24	32.63
Year . .	5,350	152	813	4.0	173.3	45.18	34.10
1977							
I . . .	1,438	140	201	1.0	177.7	53.42	35.23
II . . .	1,304	143	187	.9	178.9	53.13	37.47
III . .	1,380	149	205	1.0	181.1	44.90	37.17
IV . .	1,395	144	201	1.0	183.3	41.33	37.17
Year . .	5,517	144	794	3.9	180.3	48.19	36.90
1978							
I . . .	1,251	142	178	.9	179.9	43.95	44.80
II . . .	1,006	148	149	.7	195.9	73.33	56.73
III . .							
IV . .							
Year							

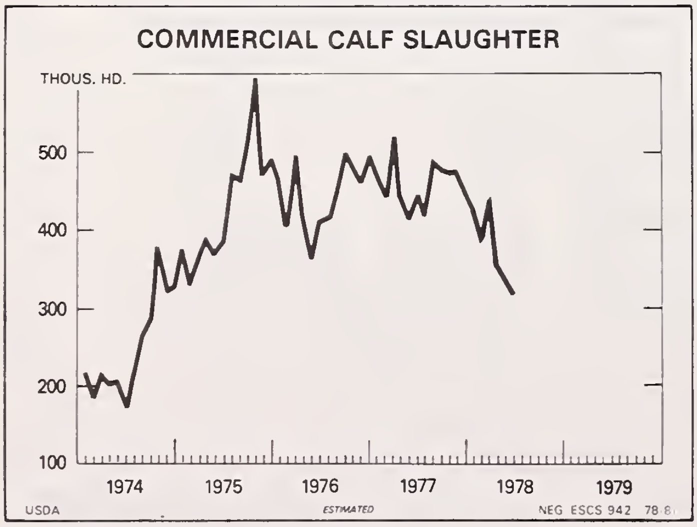
[1] Total, including farm production. [2] Annual is weighted average.

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs.			Choice feeder steer calves[1]		
	1976	1977	1978	1976	1977	1978
	Dollars					
Jan.	37.46	36.49	44.07	37.47	37.99	46.15
Feb.	40.42	37.86	47.60	41.40	41.69	51.78
Mar.	39.69	38.95	52.00	44.01	44.36	57.64
Apr.	44.62	41.69	55.08	47.01	45.72	61.10
May	44.21	41.72	60.36	47.58	45.20	68.17
June	42.83	39.90	58.56	44.81	42.46	67.00
July	39.18	40.64	60.60	40.64	43.14	68.42
Aug.	38.94	41.99		41.13	45.27	
Sept.	36.18	40.85		38.18	46.06	
Oct.	36.72	40.82		39.81	44.48	
Nov.	36.26	39.94		38.46	42.95	
Dec.	36.23	41.33		38.22	43.84	
Av.	39.40	40.18		41.56	43.60	

[1] 400-500 lbs.





Choice steer prices per 100 pounds, Omaha[1]

Month	1973	1974	1975	1976	1977	1978
	Dollars					
January	40.65	47.14	36.34	41.18	38.38	43.62
February . . .	43.54	46.38	34.74	38.80	37.98	45.02
March	45.65	42.85	36.08	36.14	37.28	48.66
April	45.03	41.53	42.80	43.12	40.08	52.52
May	45.74	40.52	49.48	40.62	41.98	57.28
June	46.76	37.98	51.82	40.52	40.24	55.38
July	47.66	43.72	50.21	37.92	40.94	54.59
August	52.94	46.62	46.80	37.02	40.11	
September . .	45.12	41.38	48.91	36.97	40.35	
October	41.92	39.64	47.90	37.88	42.29	
November . . .	40.14	37.72	45.23	39.15	41.83	
December . . .	39.36	37.20	45.01	39.96	43.13	
Average	44.54	41.89	44.61	39.11	40.38	

[1] 900-1,100 lb.

Table 3– Corn Belt cattle feeding

Selected expenses at current rates[1]

Purchased during	Apr. 77	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 78	Feb.	Mar.	Apr.	May	June	July
Marketed during	Oct. 77	Nov.	Dec.	Jan. 78	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 79
	Dollars per head															
Expenses:																
600 lb. feeder steer	250.86	250.32	239.40	243.84	251.94	245.10	244.92	239.64	247.98	264.42	285.60	312.00	330.48	362.16	351.36	363.60
Transportation to feedlot (400 miles)	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.)	104.40	99.45	94.50	86.40	72.90	70.20	71.10	87.30	89.55	88.20	88.65	94.95	101.70	102.60	101.70	94.05
Silage (1.7 tons)	36.75	34.63	32.71	30.97	27.30	26.16	26.20	29.60	30.74	30.97	31.47	31.40	32.25	32.64	31.55	30.38
Protein supplement (270 lb.)	31.86	32.40	31.05	27.81	25.92	24.84	24.57	26.19	26.86	26.32	25.11	26.60	27.54	26.86	27.68	27.14
Hay (400 lb.)	12.15	11.30	10.60	10.45	9.65	9.20	9.10	9.35	9.85	10.20	10.50	9.60	9.30	9.45	8.80	9.00
Labor (4 hours)	10.24	10.72	10.72	10.72	10.32	10.32	10.32	10.80	10.80	10.80	11.68	11.68	11.68	11.08	11.08	11.08
Management[2]	5.12	5.36	5.36	5.36	5.16	5.16	5.16	5.40	5.40	5.40	5.84	5.84	5.84	5.54	5.54	5.54
Vet medicine[3]	3.25	3.27	3.25	3.24	3.22	3.22	3.21	3.23	3.24	3.34	3.37	3.42	3.45	3.50	3.51	3.52
Interest on purchase (6 mo.)	11.29	11.26	10.77	10.97	11.34	11.03	11.02	10.78	11.16	11.90	12.85	14.04	14.87	16.30	15.81	16.36
Power, equip, fuel, shelter, depreciation[3]	15.17	15.23	15.17	15.12	15.04	15.02	14.99	15.06	15.10	15.56	15.72	15.94	16.11	16.31	16.37	16.42
Death loss (1% of purchase)	2.51	2.50	2.39	2.44	2.52	2.45	2.45	2.40	2.48	2.64	2.86	3.12	3.30	3.62	3.51	3.64
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs[3]	6.56	6.59	6.56	6.54	6.50	6.49	6.48	6.51	6.53	6.73	6.80	6.89	6.97	7.05	7.08	7.10
Total	501.10	493.97	473.42	464.80	452.75	440.13	440.46	457.20	470.63	487.42	511.39	546.42	574.43	608.05	594.93	598.77
	Dollars per cwt.															
Selling price/cwt. required to cover feed and feeder costs (1050 lb.)	41.53	40.77	38.88	38.04	36.92	35.76	35.80	37.34	38.57	40.01	42.03	45.20	47.74	50.83	49.63	49.92
Selling price/cwt. required to cover all costs (1050 lb.)	47.72	47.04	45.09	44.27	43.12	41.92	41.95	43.54	44.82	46.42	48.70	52.04	54.71	57.91	56.66	57.03
Feed cost per 100 lb. gain	41.15	39.51	37.52	34.58	30.17	28.98	29.10	33.88	34.89	34.60	34.61	36.12	37.93	38.12	37.71	35.68
Choice steers, Omaha	42.29	41.83	43.13	43.62	45.02	48.66	52.52	57.28	55.38	54.59						
Net margin/cwt.	-5.43	-5.21	-1.96	-0.65	u+1.90	+6.74	+10.57	+13.74	+10.56	+8.17						
Prices																
Feeder steer Choice (600-700 lb.) Kansas City/cwt.)	41.81	41.72	39.90	40.64	41.99	40.85	40.82	39.94	41.33	44.07	47.60	52.00	55.08	60.36	59.40	60.60
Corn/bu.[4]	2.32	2.21	2.10	1.92	1.62	1.56	1.58	1.94	1.99	1.96	1.97	2.11	2.26	2.28	2.26	2.09
Hay/ton[4]	60.75	56.50	53.00	52.25	48.25	46.00	45.50	46.75	49.25	51.00	52.50	48.00	46.50	47.25	44.00	45.00
Corn silage/ton[5]	21.62	20.37	19.24	18.22	16.06	15.39	15.41	17.41	18.08	18.22	18.51	18.47	18.97	19.20	18.56	17.87
32-36% Protein supp./cwt.[6]	11.80	12.00	11.50	10.30	9.60	9.20	9.10	9.70	9.95	9.75	9.30	9.85	10.20	9.95	10.25	10.05
Farm Labor/hour[6]	2.56	2.68	2.68	2.68	2.58	2.58	2.58	2.70	2.70	2.70	2.92	2.92	2.92	2.77	2.77	2.77
Interest annual rate	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Transportation rate/cwt. 100 mile	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	692	695	692	690	686	685	684	687	689	710	717	727	735	. 744	747	749

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb. per day with a feed conversion of 8.4 lb. per pound gain. [2] Most cattle sold F.O.B. the feedlot with 4 percent shrink. [3] Sale weight 1,056 pounds (1,100 pounds less 4 percent shrink) [4] Choice slaughter steers, 900-1,100 lb., Texas-New Mexico direct. [5] Converted from cents per mile for a 44,000 pound haul. [6] Texas Panhandle elevator price plus $.15/cwt. handling and transportation to feed lots. [7] Average prices paid by farmers in Texas. [8] Average prices received by farmers in Texas plus $30/ton handling and transportation to feedlots.

Table 4—Great Plains Custom cattle feeding[1]

Purchased during	Apr. 77	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 78	Feb.	Mar.	Apr.	May	June	July
Marketed during	Oct. 77	Nov.	Dec.	Jan. 78	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 79
								Dollars per head								
Expenses:																
600 lb. feeder steer	250.86	243.96	230.34	232.26	232.50	234.60	232.68	238.08	250.98	265.32	287.46	315.12	325.98	355.68	342.18	358.02
Transportation to feedlot (300 mi)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed:																
milo (1,500 lb.)	58.05	56.10	51.90	51.90	48.00	49.35	52.95	55.80	56.25	55.80	57.60	63.15	64.65	64.80	63.75	62.55
corn (1,500 lb.)	65.55	64.50	58.35	56.55	52.20	53.25	56.55	62.25	62.55	62.70	63.75	70.50	65.55	72.75	71.85	67.65
cottonseed meal (400 lb.)	47.20	48.40	48.80	47.60	43.60	38.80	34.80	36.40	38.80	39.20	39.20	39.60	38.80	38.40	37.60	39.60
alfalfa hay (800 lb.)	39.60	38.00	37.20	38.00	38.20	38.40	37.40	38.60	39.80	40.00	39.40	39.00	39.00	38.40	37.60	37.20
Total feed cost	210.40	207.00	196.25	194.05	182.00	179.80	181.70	193.05	197.40	197.70	199.95	212.25	208.00	214.35	210.80	207.00
Feed handling & management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder & ½ feed	16.47	16.07	15.19	15.22	14.96	15.01	15.77	16.31	17.05	17.75	19.37	21.06	21.50	23.15	22.38	23.08
Death loss (1.5% of purchase))	3.76	3.66	3.46	3.48	3.49	3.51	3.49	3.57	3.76	3.98	4.31	4.73	4.89	5.34	5.13	5.37
Marketing[2]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Total	512.45	501.65	476.20	475.97	463.91	463.88	464.60	481.97	500.15	515.71	542.05	584.12	591.33	629.48	611.45	624.43
								Dollars per cwt.								
Selling price required to cover:[3]																
Feed and feeder cost (1,056 lb.)	43.68	42.70	40.40	40.37	39.25	39.24	39.24	40.83	42.46	43.85	45.02	49.94	50.57	53.98	52.37	53.51
All costs	48.53	47.50	45.09	45.07	43.93	43.93	44.00	45.64	47.36	48.84	51.33	55.31	56.00	59.61	57.90	59.13
Selling price $/cwt.[4]	42.20	42.10	43.69	43.72	44.75	49.21	53.10	58.23	55.94	54.42						
Net margin/cwt.	-6.33	-5.40	-1.40	-1.35	+0.82	+5.28	+9.10	+12.59	+8.58	+5.58						
Costs per 100 lb. gain:																
Variable costs less interest	47.63	46.93	44.74	44.31	41.90	41.46	41.84	44.12	45.03	45.14	45.65	48.20	47.38	48.74	47.99	47.27
Feed costs	42.08	41.40	39.25	38.81	36.40	35.96	36.34	38.61	39.48	39.54	39.99	42.45	41.60	42.87	42.16	41.40
Unit Prices:																
Choice feeder steer 600-700 lb. Amarillo $/cwt.	41.81	40.66	38.39	38.71	38.75	39.10	38.78	39.68	41.83	44.22	47.91	52.52	54.33	59.28	57.03	59.67
Transportation rate $/cwt/100 miles[5]	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee $/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo $/cwt.[6]	3.87	3.74	3.46	3.46	3.20	3.29	3.53	3.72	3.75	3.72	3.84	4.21	4.31	4.32	4.25	4.17
Corn $/cwt.[6]	4.37	4.30	3.89	3.77	3.48	3.55	3.77	4.15	4.17	4.18	4.25	4.70	4.37	4.85	4.79	4.51
Cottonseed meal $/cwt.[7]	11.80	12.10	12.20	11.90	10.90	9.70	8.70	9.10	9.70	9.80	9.80	9.90	9.70	9.60	9.40	9.90
Alfalfa hay $/ton[8]	99.00	95.00	93.00	95.00	95.50	96.00	93.50	96.50	99.50	100.00	98.50	97.50	97.50	96.00	94.00	93.00
Feed handling & management charge $/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate	9.25	9.25	9.25	9.25	9.25	9.25	9.75	9.75	9.75	9.75	10.00	10.00	10.00	10.00	10.00	10.00

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[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb. per day with a feed conversion of 8.4 lb. per pound gain. [2] Most cattle sold F.O.B. the feedlot with 4 percent shrink. [3] Sale weight 1,056 pounds (1,100 pounds less 4 percent shrink) [4] Choice slaughter steers, 900-1,100 lb., Texas-New Mexico direct. [5] Converted from cents per mile for a 44,000 pound haul. [6] Texas Panhandle elevator price plus $.15/cwt. handling and transportation to feed lots. [7] Average prices paid by farmers in Texas. [8] Average prices received by farmers in Texas plus $30/ton handling and transportation to feedlots.

strong demand for beef, coupled with declining supplies, will continue to support a strong fed cattle market.

During the last half of this year, Choice slaughter steers are expected to average in the mid-$50's. A little seasonal weakness in prices may occur this fall, with fourth quarter prices averaging $1 to $2 below the summer average. Weather conditions as they affect supplies and market psychology, however, may have a big influence on the market price.

Feeder cattle prices are expected to remain well above those of a year ago. A good demand by feedlots for feeder cattle will probably keep Choice yearling steers in the upper $50's to low $60's during the remainder of the year. Feeder calves will probably sell at a premium to yearlings. The seasonal weakness in feeder cattle prices this fall may be less than usual if the corn crop turns out to be near the current forecast. A declining supply of feeder cattle and relatively low corn prices could prevent much seasonal weakness.

A Longer Term View; Less Beef and Higher Prices

An examination of the longer term cattle situation suggests declining beef production and rising prices for at least the next 3 years. The cattle herd has been reduced substantially, and as rebuilding gets underway this will further restrict production until the breeding herd has been rebuilt.

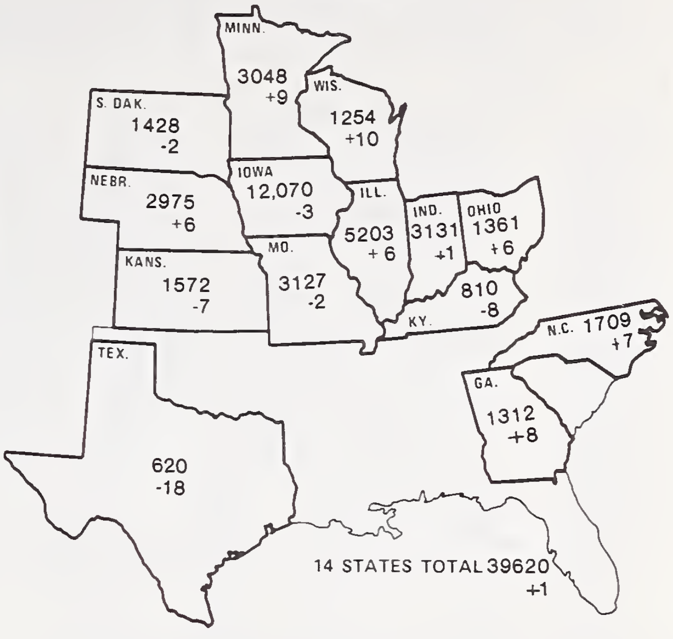
Declining beef production suggests rising prices if the demand for beef remains strong. Both retail beef prices and live cattle prices are expected to trend upward over the next 3 years. The rate of increase will depend on such factors as the health of the general economy, feed supplies and prices, and the general attitude of cattlemen with respect to herd liquidation, and later, herd rebuilding. Also, supplies of competing meats and the extent to which extenders are used will have an impact on beef prices.

For the cow-calf producer, the future looks bright as smaller calf crops will command a premium price. Cattle feeders, however, may not fare as well, because they are the middlemen in the production process. As such, they tend to bid the prices of feeder cattle to a level that gives them a very narrow profit margin over the long run.

HOGS

Hog slaughter during the summer quarter may be up 4 to 5 percent from a year ago. With the distribution of market hogs by weight groups skewed toward heavier weight groups—the June 1 number of hogs weighing 120 pounds and over was 6 percent larger—slaughter hog prices have weakened since May. Also of significance are the continued large cold storage stocks of pork. Despite an 8-percent reduction in stocks from May 31, the stocks total on June 30 was still 14 percent larger than on that date last year. Pork belly stocks were up 20 percent. If cattle feeders market 7 percent more fed cattle this summer as planned, total red meat consumption may be only 1 pound under last year's 48 pounds per person. Slaughter hog prices this summer may average $1 to $3 per 100 pounds under the spring quarter price of $48.

MARKET HOGS ON FARMS JUNE 1, 1978
AND PERCENT CHANGE FROM PREVIOUS YEAR
(1,000 HEAD)



USDA NEG. ESCS 2729-78 (7)

Accumulation of freezer stocks is based on future price expectations. Prior to the March 1978 Hogs and Pigs report, many industry analysts expected pork production to increase about 10 percent this year. At that time stocks were low. But following the March report the price outlook changed dramatically. Then, with only a 1-to-2 percent increase in production likely for 1978, and with the expectation of higher prices, stocks accumulated rapidly. Frozen pork stocks increased 49 percent from March to July.

The stock buildup was accomplished by bidding product away from current consumption and wholesale and retail prices advanced. Product demand then slowed and larger production and seasonally large stocks depressed wholesale prices. Retail pork prices have begun to adjust slowly downward in recent weeks. Beef items received more attention at retail and pork specials were few. Stocks remain large limiting price strength.

Table 5— Hogs and Pigs Balance Sheet

Year	Dec.1 inventory[1]	Dec.-May pig crop[1]	Total supply	Commercial slaughter Dec.-May	Other disappearance[2]	June 1 inventory	June-Nov. pig crop	Total supply	Commercial slaughter June-Nov.	Other disappearance[2]
	1,000 head									
1964	62,060	47,682	109,742	43,776	6,189	59,777	39,862	99,639	39,285	4,248
1965	56,106	42,526	98,632	40,579	5,085	52,968	36,415	89,383	35,081	3,783
1966	50,519	45,471	95,990	35,331	4,462	56,197	42,132	98,329	37,238	3,966
1967	57,125	48,117	105,242	41,803	4,073	59,366	43,551	102,917	40,381	3,718
1968	58,818	49,077	107,895	43,093	4,271	60,531	45,078	105,609	41,652	3,128
1969	60,829	46,521	107,350	44,015	4,608	58,727	42,155	100,882	40,287	3,549
1970	57,046	52,126	109,172	40,749	3,784	64,639	49,588	114,227	43,326	3,616
1971	67,285	51,918	119,203	49,087	4,398	65,718	46,006	111,724	45,908	3,404
1972	62,412	47,523	109,935	45,108	4,201	60,626	43,051	103,677	41,203	3,457
1973	59,017	46,125	105,142	40,292	5,279	59,571	41,998	101,569	36,878	4,077
1974	60,614	44,792	105,406	41,183	5,345	58,878	38,952	97,830	40,194	2,943
1975	54,693	35,530	90,223	37,854	4,509	47,860	35,656	83,516	31,666	2,583
1976	49,267	42,177	91,444	34,691	2,823	53,930	42,218	96,148	38,052	3,162
1977	54,934	42,959	97,893	39,435	3,978	54,480	43,232	97,712	38,220	2,908
1978	56,584	42,343	98,927	38,940	5,057	54,930	[3] 44,978	99,908	39,000	3,008
1979[4]	57,900									

[1] December previous year. [2] Includes imports, exports, death loss, farm slaughter, etc. [3] Intentions. [4] Forecast.

Fall pig crop and hog slaughter

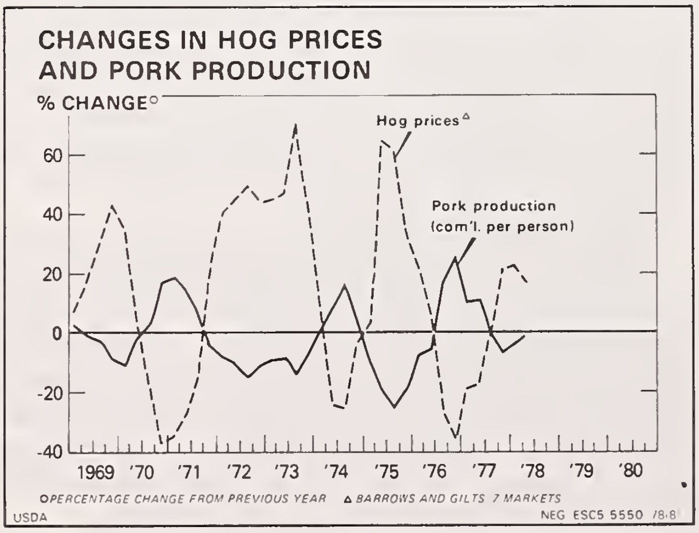
	June-Nov. pig crop	Jan.-June Commercial slaughter	Percent of pig crop slaughtered
	Thous. head	*Thous. head*	*Percent*
1963/64 ..	43,307	41,975	96.9
1964/65 ..	39,862	38,368	96.3
1965/66 ..	36,415	34,998	96.1
1966/67 ..	42,132	40,558	96.3
1967/68 ..	43,551	41,833	96.1
1968/69 ..	45,078	42,653	94.6
1969/70 ..	42,155	39,927	94.7
1970/71 ..	49,588	47,865	96.5
1971/72 ..	46,006	43,650	94.9
1972/73 ..	43,051	39,702	92.2
1973/74 ..	41,998	41,163	98.0
1974/75 ..	38,952	36,568	93.9
1975/76 ..	35,656	34,252	96.1
1976/77 ..	42,218	38,513	91.2
1977/78 ..	43,232	38,435	88.9

[1] Preliminary.

Spring pig crop and hog slaughter

	Dec.-May[1] pig crop	July-Dec. Commercial slaughter	Percent of pig crop slaughtered
	Thou. head	*Thou. head*	*Percent*
1964	47,682	41,043	86.1
1965	42,526	35,416	83.3
1966	45,471	39,013	85.8
1967	48,117	41,566	86.4
1968	49,077	43,327	88.3
1969	46,521	41,186	88.5
1970	52,126	45,890	88.0
1971	51,918	46,573	89.7
1972	47,523	41,057	86.4
1973	46,125	37,093	80.4
1974	44,792	40,599	90.6
1975	35,530	32,120	90.4
1976	42,177	39,532	93.7
1977	42,959	38,790	90.3
1978	42,343	[2] 39,600	93.5

[1] December, previous year. [2] Forecast.


CHANGES IN HOG PRICES AND PORK PRODUCTION

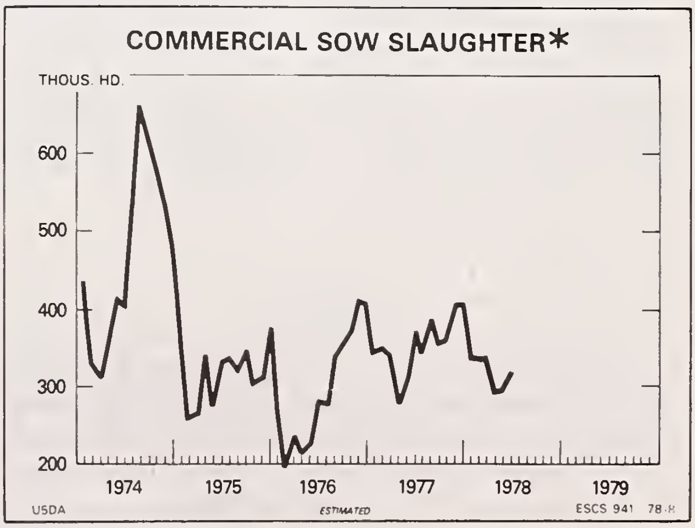

COMMERCIAL SOW SLAUGHTER*

Table 6—Pork supplies and prices

Year	Estimated commercial slaughter[1]				Average dressed weight	Commercial production	Per capita consumption[2]	Prices		
	Barrows and gilts	Sows	Boars	Total				Retail[3]	Barrows and gilts 7 markets[4]	Farm
	1,000 head				Lb.	Mil lb.	Lb.	Cents per lb.	$/cwt.	
1974: I ...	18,887	1,075	187	20,149	173	3,481	17.2	114.8	38.40	38.13
II ...	19,659	1,174	181	21,014	175	3,670	17.8	98.9	28.00	27.03
III ...	17,699	1,802	204	19,705	172	3,381	16.8	107.0	36.59	34.63
IV ...	19,124	1,588	182	20,894	171	3,568	17.3	110.6	39.06	37.43
Year	75,369	5,639	754	81,762	172	14,100	69.1	107.8	35.12	34.31
1975: I ...	17,711	886	162	18,759	167	3,142	15.5	114.1	39.35	38.43
II ...	16,704	939	165	17,808	168	2,992	14.4	122.7	46.11	43.93
III ...	14,151	1,003	153	15,307	167	2,555	12.5	148.8	58.83	56.20
IV ...	15,659	982	172	16,813	172	2,896	13.7	152.9	52.20	51.67
Year	64,225	3,810	652	68,687	169	11,585	56.1	134.6	48.32	47.56
1976: I ...	16,605	694	132	17,431	170	2,958	14.4	141.2	47.99	47.10
II ...	15,962	718	141	16,821	169	2,847	13.5	138.2	49.19	47.93
III ...	16,872	964	147	17,983	168	3,014	14.4	137.1	43.88	43.30
IV ...	20,215	1,184	150	21,549	170	3,669	17.2	119.6	34.25	33.47
Year	69,654	3,560	570	73,784	169	12,488	59.5	134.0	43.11	42.95
1977: I ...	18,522	1,031	217	19,770	167	3,294	15.6	120.5	39.08	38.23
II ...	17,582	950	211	18,743	170	3,184	14.9	121.7	40.87	39.57
III ...	17,002	1,086	205	18,293	168	3,073	14.7	131.0	43.85	42.63
IV ...	19,139	1,167	191	20,497	171	3,500	16.3	128.2	41.38	39.73
Year	72,245	4,234	824	77,303	169	13,051	61.5	125.4	41.07	40.04
1978: I ...	18,193	1,011	194	19,398	167	3,242	15.3	137.0	47.44	46.20
II ...	17,936	905	196	19,037	171	3,264	15.1	142.4	47.84	46.77
III ...										
IV ...										
Year										

[1] Classes estimated. [2] Total, including farm production. [3] Series revised, see special article. [4] Annual average weighted.

While fall quarter production is expected to show an increase over last year, the seasonal increase will be less than usual. Reductions in the beef supply and seasonal demand factors should hold fourth quarter prices near the summer average.

Industry Expansion Slow Despite Favorable Returns

Pork producers have not increased output this year as rapidly as anticipated, and producers' intentions do not suggest a very rapid buildup next year. Through the first half of 1978, pork production was unchanged from a year ago. Second half output may be increased about 3 percent. Iowa State University data suggest returns to farrow-to-finish producers during the breeding months for first half 1978 farrowings—pigs farrowed during the first half of the year largely account for second half slaughter—ranged from $20 to $35 per head. Census of Agriculture data indicate that in the major hog-producing States, farrow-to-finish enterprises produce 4 out of 5 market hogs.

Producer intentions as of June 1 pointed to only a 4-percent increase in the number of sows to farrow during June-November. In the 14 States, a 3-percent increase was planned for each quarter. Returns from farrow-to-finish operations from February through May ranged from $35 to $45 per head.

Farrowing intentions appear low. But, if intentions are realized, hog slaughter through the first half of 1979 would not rise more than 5 to 6 percent. With the reduction in beef supplies in prospect for next year, this additional pork output likely would be consumed without forcing winter-spring prices to unprofitable levels.

Cumulative sow slaughter during the breeding months for summer farrowings was up about 1 percent. While increased gilt withholding more than offset this increase, a somewhat larger breeding inventory had been anticipated. Actual farrowings this summer are expected to meet or exceed intentions.

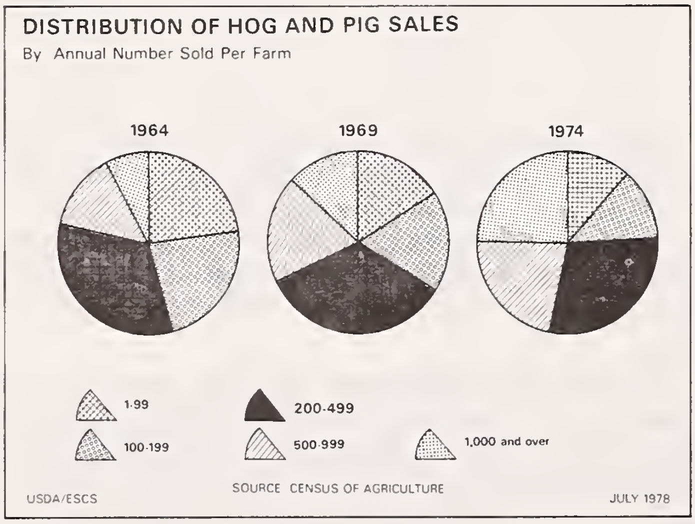
During May, the first breeding month for fall quarter farrowings, sow slaughter under Federal inspection was reduced 4 percent from a year ago, while, according to packer data, gilt slaughter as a percent of total barrow and gilt slaughter dropped to a 10-year low. This trend continued through the first week in July. Sow slaughter during June was reduced 12 percent from last year. Both slaughter data and industry profitability point to larger farrowings this fall than intentions suggest.

Implications of Changing Industry Structure

How quickly producers respond to changing economic conditions is largely determined by industry structure. The size of hog enterprise has increased rapidly over the last 10 years; the 1964 Census of Agriculture reported more than 800,000 farms with sales of hogs and pigs. Farms with sales of 1 to 99 head accounted for about 68 percent of the farms selling hogs and these farms accounted for 23 percent of the hogs and pigs sold that year.

At the opposite end of the scale, there were only 4,100 farms with sales of 1,000 head and over in 1964. This was only one-half of 1 percent of the farms but they accounted for about 8 percent of the hogs and pigs sold.

In 1974, the number of farms reporting sales of hogs and pigs had declined to 450,000, 44 percent fewer than in 1964.


DISTRIBUTION OF HOG AND PIG SALES
By Annual Number Sold Per Farm

USDA/ESCS SOURCE CENSUS OF AGRICULTURE JULY 1978

Farms reporting sales of 1 to 99 head in 1974 accounted for 58 percent of all farms and 11 percent of the total number of hogs and pigs sold.

Farms reporting sales of 1,000 head and over in 1974 accounted for about 2 percent of all farms, but sold one-fourth of the hogs. While census data give no information on the distribution of sales above 1,000 head per farm, other research indicates that a substantial portion of these sales are coming from enterprises turning out 5,000 or more hogs per year.

As many as one-third of all slaughter hogs in the United States may move through total confinement facilities. As new and/or larger operations go into business, facilities are almost always of the confinement type. Such facilities permit year-round production without significant influence from weather as well as a high level of mechanization of material handling. Also, there is less risk of violating environmental control regulations as most activities are under roof and not exposed to rainfall.

An increasing portion of hogs produced in confinement increases the rigidity of supply. There is less reason for the typical seasonal variations resulting from hogs produced on pasture in spring and fall to complement crop production. Also, a relatively higher proportion of the cost falls into the fixed, as opposed to the variable category, and producers will tend to stay in business over wider swings in hog prices.

Seasonality of Production

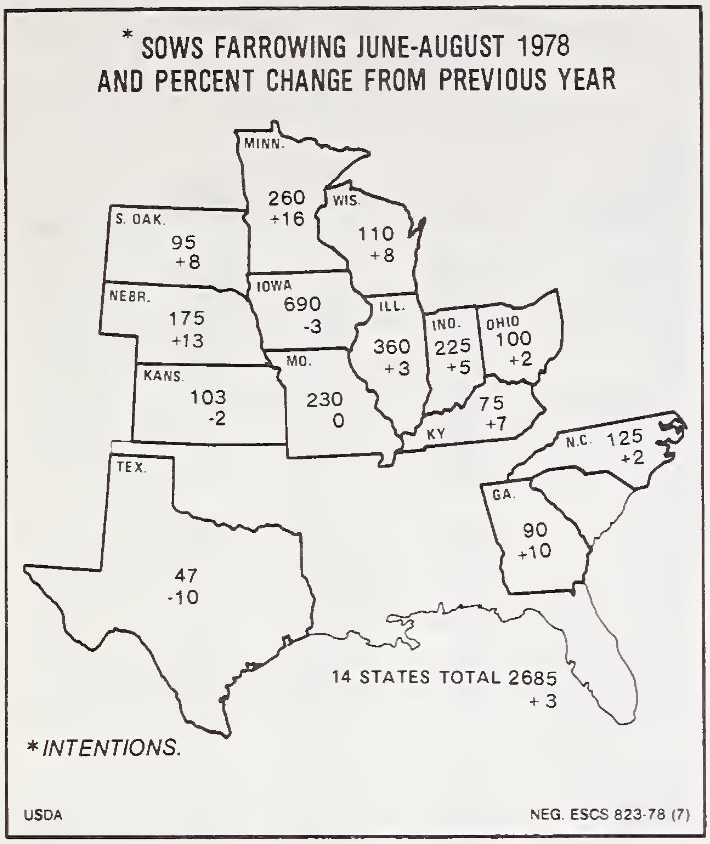
Evidence points to less seasonality in pork production. Traditionally, the March-May period had significantly more sow farrowings than the other quarters. In 1950, almost one-half of the farrowings came in the March-May period. But in 1977, just over one-fourth of the sow farrowings occurred during March-May.

In 1950, just over 10 percent of the farrowings occurred in the December-February period. However, by 1977, almost one-fourth of the farrowings occurred in the winter quarter.

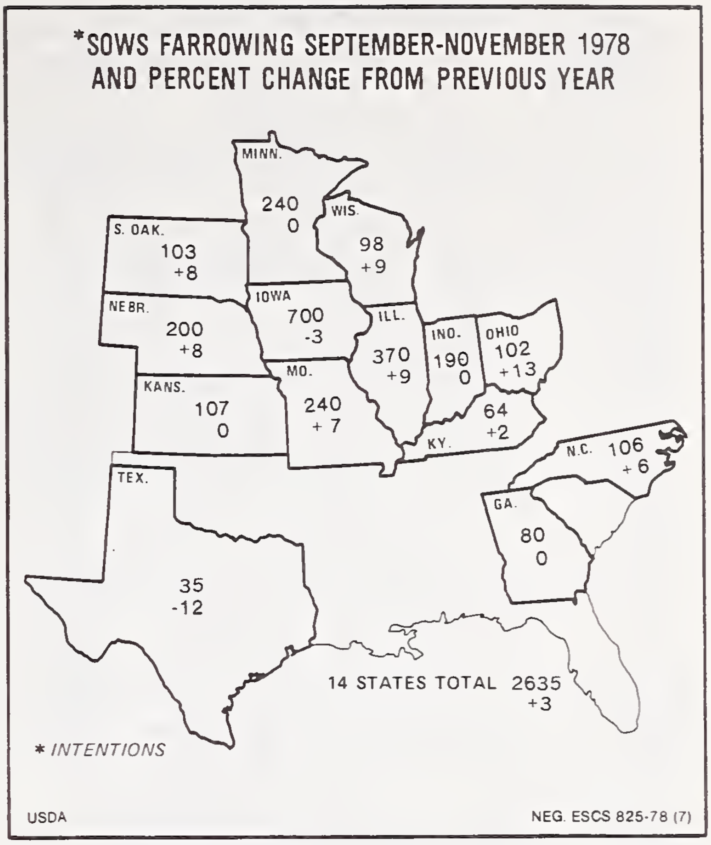
A larger percent of the farrowings now occur in the summer and fall quarters than earlier. But the change for these 2 quarters has not been as significant as it has for December-February and March-May quarters. Thus, farrowings are becoming more evenly spread throughout the year.

Total confinement facilities reduce the importance of weather as a determinant of production periods. Farrowings move toward equalization as these facilities are brought into use, with utilization of capacity the objective. Some concentration of farrowings remain even in the larger operations because of demands on labor from other enterprises, but extensive use of confinement production facilities tends to even the flow of production over the year.

A change in the seasonal pricing pattern is implied. Typically, prices peak in the summer quarter and slip to a low point in the fall. This pricing pattern reflects substantial differences in production levels within the year. As production is more evenly distributed, the summer-to-fall decline in prices will become less evident.



* SOWS FARROWING JUNE-AUGUST 1978 AND PERCENT CHANGE FROM PREVIOUS YEAR



*SOWS FARROWING SEPTEMBER-NOVEMBER 1978 AND PERCENT CHANGE FROM PREVIOUS YEAR

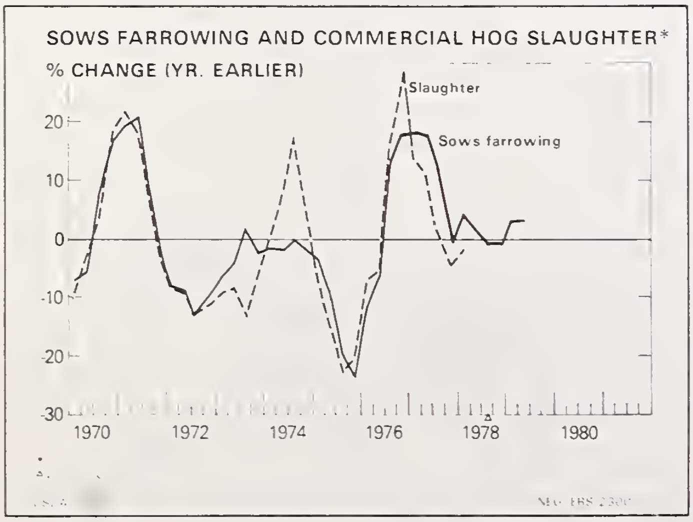
Feeder pig prices consistent with break-even all costs, given corn and market hog prices[1]

Corn (Farm price)	Market hogs, $/cwt.					
	35	40	45	50	55	60
$ bu.	*Feeder pigs, $ per hd.*					
1.75	22	33	44	55	66	77
2.00	20	31	42	53	64	75
2.25	17	28	39	50	61	72
2.50	14	25	36	47	58	69
2.75	11	22	33	44	55	66
3.00	9	20	31	42	53	64
3.25	6	17	28	39	50	61
3.50	3	14	25	36	47	58

[1] Assuming protein and other costs at June 1978 levels. Includes $4.73 in fixed costs. (See hog feeding table).

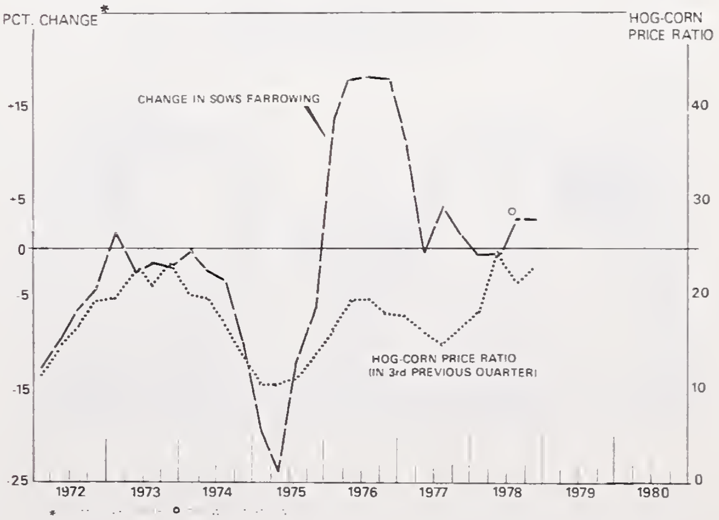
Hog-corn price ratio, Omaha basis

Month	1973	1974	1975	1976	1977	1978
Jan.	21.5	14.8	12.6	18.6	16.4	22.7
Feb.	23.3	13.4	14.1	18.6	16.8	24.0
Mar.	25.4	12.5	14.3	17.7	15.9	22.2
Apr.	23.4	12.1	14.1	18.3	16.0	20.4
May	19.5	10.2	16.4	17.7	18.8	20.9
June	16.9	10.0	17.9	17.6	20.7	20.6
July	19.9	11.2	19.4	16.8	23.8	21.8
Aug.	20.8	10.5	18.6	16.2	26.4	
Sept.	18.4	10.3	20.7	15.1	24.6	
Oct.	17.8	10.6	21.2	13.7	22.6	
Nov.	16.9	11.0	19.4	14.4	19.2	
Dec.	15.7	11.8	18.5	16.4	21.4	
Avg.	19.3	11.3	16.9	16.5	20.2	



SOWS FARROWING AND COMMERCIAL HOG SLAUGHTER*

SOWS FARROWING AND HOG/CORN RATIO

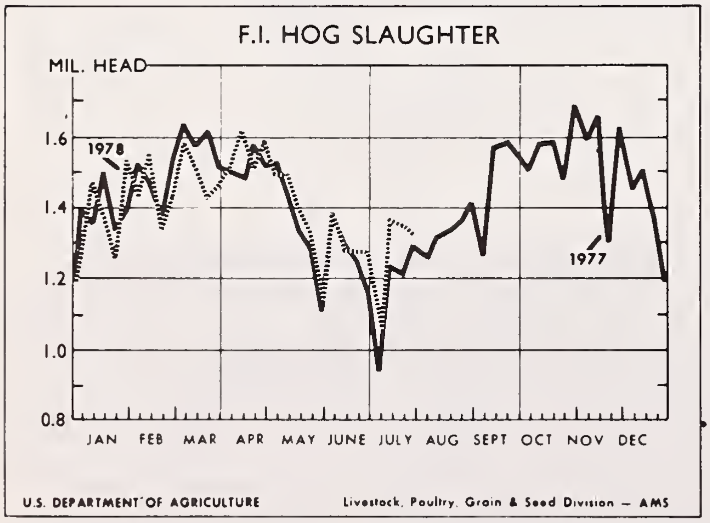


Federally inspected hog slaughter

Week ended 1978[1]	1974	1975	1976	1977	1978
	Thousands				
Jan. 7	1,566	1,588	1,407	1,399	1,247
14	1,577	1,432	1,326	1,357	1,473
21	1,598	1,385	1,227	1,495	1,376
28	1,328	1,450	1,203	1,344	1,261
Feb. 4	1,185	1,424	1,208	1,388	1,527
11	1,541	1,419	1,234	1,520	1,437
18	1,403	1,340	1,168	1,470	1,551
25	1,564	1,352	1,255	1,379	1,348
Mar. 4	1,554	1,453	1,273	1,534	1,424
11	1,555	1,395	1,422	1,632	1,579
18	1,493	1,393	1,403	1,568	1,508
25	1,637	1,315	1,383	1,609	1,422
Apr. 1	1,589	1,404	1,388	1,518	1,452
Apr. 8	1,519	1,439	1,387	1,502	1,508
15	1,602	1,478	1,290	1,488	1,608
22	1,515	1,401	1,271	1,576	1,504
29	1,547	1,368	1,321	1,522	1,588
May, 6	1,678	1,301	1,309	1,527	1,498
13	1,534	1,221	1,316	1,439	1,522
20	1,626	1,221	1,197	1,336	1,377
27	1,392	1,101	1,257	1,283	1,329
June 3	1,621	1,294	1,038	1,112	1,138
June 10	1,596	1,254	1,199	1,383	1,377
17	1,343	1,163	1,155	1,298	1,283
24	1,285	1,132	1,103	1,253	1,297
July 1	984	853	1,024	1,164	1,266
July 8	1,313	1,061	941	949	1,054
15	1,242	1,100	1,159	1,232	1,385
22	1,326	1,055	1,181	1,214	1,372
29	1,476	1,027	1,265	1,287	
Aug. 5	1,443	1,051	1,342	1,264	
12	1,454	1,157	1,344	1,315	
19	1,377	1,057	1,332	1,342	
26	1,482	1,169	1,401	1,368	
Sept. 2	1,347	996	1,350	1,411	
Sept. 9	1,628	1,267	1,227	1,270	
16	1,622	1,258	1,579	1,568	
23	1,600	1,198	1,508	1,590	
Oct. 2	1,585	1,188	1,593	1,547	
Oct. 7	1,602	1,159	1,647	1,505	
14	1,541	1,193	1,660	1,582	
21	1,491	1,163	1,669	1,597	
28	1,475	1,194	1,599	1,487	
Nov. 4	1,583	1,275	1,729	1,685	
11	1,574	1,336	1,706	1,603	
18	1,594	1,376	1,646	1,655	
25	1,305	1,069	1,386	1,308	
Dec. 2	1,654	1,372	1,644	1,623	
Dec. 9	1,574	1,237	1,614	1,462	
16	1,492	1,219	1,522	1,504	
23	1,015	949	1,140	1,369	
30	1,014	970	1,206	1,187	

[1] Corresponding dates: 1974, January 12; 1975, January 11; 1976, January 10; 1977, January 8.

F.I. HOG SLAUGHTER



U.S. DEPARTMENT OF AGRICULTURE Livestock, Poultry, Grain & Seed Division — AMS

Hog prices, costs, and net margins[1]

Year	Barrows & gilts 7 markets	Feed and Feeder	Break-even	Net margins
	$ per cwt.			
1975				
October	58.52	39.60	46.82	+11.70
November	49.74	39.58	46.90	+2.84
December	48.33	42.29	49.66	-1.33
1976				
January	48.40	47.31	55.12	-6.72
February	48.85	44.77	52.80	-3.95
March	46.71	39.81	47.56	-.85
April	47.89	37.87	45.48	+2.41
May	48.89	39.29	46.94	+1.95
June	50.80	41.23	49.15	+1.65
July	48.26	40.49	48.35	-.09
August	44.00	41.81	49.79	-5.79
September	39.39	39.96	47.74	-8.35
October	32.66	39.21	46.84	-14.18
November	32.05	36.20	43.57	-11.52
December	38.05	34.70	41.85	-3.80
1977				
January	39.52	33.60	40.65	-1.13
February	40.18	28.62	35.46	+4.72
March	37.53	27.23	34.14	+3.39
April	36.97	30.41	37.42	-.45
May	41.79	30.75	37.83	+3.96
June	43.86	34.91	42.43	+1.43
July	45.76	37.99	45.70	+.06
August	44.38	39.89	47.71	-3.33
September	41.40	39.25	47.21	-5.81
October	40.83	35.71	43.48	-2.65
November	39.33	34.15	41.96	-2.63
December	43.99	33.45	41.22	+2.77
1978				
January	45.99	31.89	39.58	+6.41
February	48.83	30.64	38.25	+10.58
March	47.50	31.63	39.31	+8.19
April	46.04	31.00	38.62	+7.42
May	49.17	33.44	41.32	+7.85
June	48.31	36.97	45.40	+2.91
July	46.78	41.37	50.09	-3.31
Aug.		43.88	52.71	
Sept.		43.58	52.26	
Oct.		39.60	48.01	
Nov.		38.71	47.13	

[1] Selling price required to cover costs of feeding 40-50 lb. feeder pig to 220 lb. slaughter hog in Corn Belt.

HOG PRICES, COSTS, AND NET MARGINS

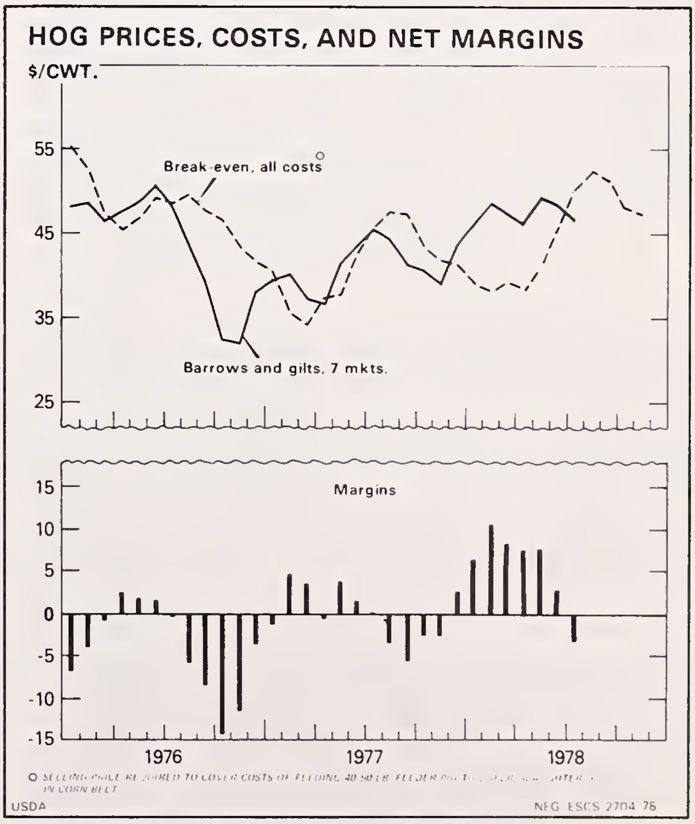


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Table 7—Corn Belt hog feeding[1]

Selected costs at current rates[2]

Purchased during Marketed during	Apr. 77 Aug. 77	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan. 78	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. 78 May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.
	Dollars per head															
Expenses:																
40 lb. feeder pig	41.49	40.91	35.18	36.90	39.84	37.46	34.94	32.32	30.38	35.88	44.12	51.63	54.57	54.08	45.36	45.21
Corn (11 bu.)	25.52	24.31	23.10	21.12	17.82	17.16	17.38	21.34	21.89	21.56	21.67	23.21	24.86	25.08	24.86	22.99
Protein supplement (130 lb.)	20.74	21.12	20.28	17.10	15.92	15.54	15.08	15.92	15.92	16.12	15.54	16.18	17.10	16.71	16.90	16.96
Labor & management (1.3 hr.)	6.66	6.97	6.97	6.97	6.71	6.71	6.71	7.02	7.02	7.02	7.59	7.59	7.59	7.37	7.20	7.20
Vet medicine[3]	1.64	1.65	1.64	1.64	1.63	1.62	1.62	1.63	1.63	1.68	1.70	1.72	1.74	1.76	1.77	1.78
Interest on purchase (4 mo.)	1.24	1.23	1.06	1.11	1.20	1.12	1.05	.97	.91	1.08	1.32	1.55	1.64	1.62	1.36	1.36
Power, equip, fuel, shelter, depreciation[3]	3.99	4.00	3.99	3.97	3.95	3.95	3.94	3.96	3.97	4.09	4.13	4.19	4.23	4.29	4.30	4.31
Death loss (4% of purchase)	1.66	1.64	1.41	1.48	1.59	1.50	1.40	1.29	1.22	1.44	1.76	2.07	2.18	2.16	1.81	1.81
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscellaneous & indirect costs[3]	.41	.41	.41	.41	.40	.40	.40	.41	.41	.42	.42	.43	.43	.44	.44	.44
Total	104.97	103.86	95.66	92.32	90.68	87.08	84.14	86.48	84.97	90.91	99.87	110.19	115.96	115.13	105.62	103.68
	Dollars per cwt.															
Selling price/cwt. required to cover feed and feeder costs (220 lb.)	39.89	39.25	35.71	34.15	33.45	31.89	30.64	31.63	31.00	33.44	36.97	41.37	43.88	43.58	39.60	38.71
Selling price/cwt. required to cover all costs (220 lb.)	47.71	47.21	43.48	41.96	41.22	39.58	38.25	39.31	38.62	41.32	45.40	50.09	52.71	52.33	48.01	47.13
Feed cost per 100 lb. gain	25.70	25.24	24.10	21.23	18.74	18.17	18.03	20.70	21.01	20.93	20.67	21.88	23.31	23.22	23.20	22.19
Barrows and gilts 7 markets/cwt.	44.38	41.40	40.83	39.33	43.99	45.99	48.83	47.50	46.04	49.17	48.31	46.78				
Net margin/cwt.	-3.33	-5.81	-2.65	-2.63	+2.77	+6.41	+10.58	+8.19	+7.42	+7.85	+2.91	-3.31				
Prices:																
40 lb. feeder pig (So. Missouri)	41.49	40.91	35.18	36.90	39.84	37.46	34.94	32.32	30.38	35.88	44.12	51.63	54.57	54.08	45.36	45.21
Corn[4] $/bu.	2.32	2.21	2.10	1.92	1.62	1.56	1.58	1.94	1.99	1.96	1.97	2.11	2.26	2.28	2.26	2.09
38-42% protein supp.[5] $/cwt.	15.95	16.25	15.60	13.15	12.25	11.95	11.60	12.25	12.25	12.40	11.95	12.45	13.15	12.85	13.00	13.05
Labor and management[6] $/hr.	5.12	5.36	5.36	5.36	5.16	5.16	5.16	5.40	5.40	5.40	5.84	5.84	5.84	5.54	5.54	5.54
Interest rate (annual)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Transportation rate/cwt. (100 miles)[7]	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	692	695	692	690	686	685	684	687	689	710	716	727	735	744	747	749

[1] Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. [2] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [3] Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Average prices paid by farmers in Iowa and Illinois. [6] Assumes an owner-operator receiving twice the farm labor rate. [7] Converted to cents/cwt. from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.

SHEEP AND LAMBS

Commercial slaughter of sheep and lambs through June of this year was reduced 15 percent from last January-June. The reduction was equal in each quarter. Lamb and mutton production was off 14 percent.

Slaughter during the first half of the year is drawn largely from the inventory of lambs on hand January 1. This year, the lamb inventory was almost 2 percent larger than a year earlier. Ewe lambs under 1 year of age were up 6 percent.

Fed lambs account for much of the slaughter during the winter quarter. The January 1, 1978, inventory of lambs on feed in 26 States was 7 percent smaller than a year earlier. The new lamb crop, which was down 4 percent, moved to slaughter in late winter and spring. Slaughter during the spring quarter of 1977 was seasonally large, reflecting a larger than usual number of 1976 crop lambs being carried forward on winter grazing. Still, the reduction in slaughter this year exceeds that suggested by inventory data. With declining beef and total red meat production expected for the next few years, producers may be holding more ewe lambs to add to breeding flocks. If so, most of these ewes would not lamb before 1980.

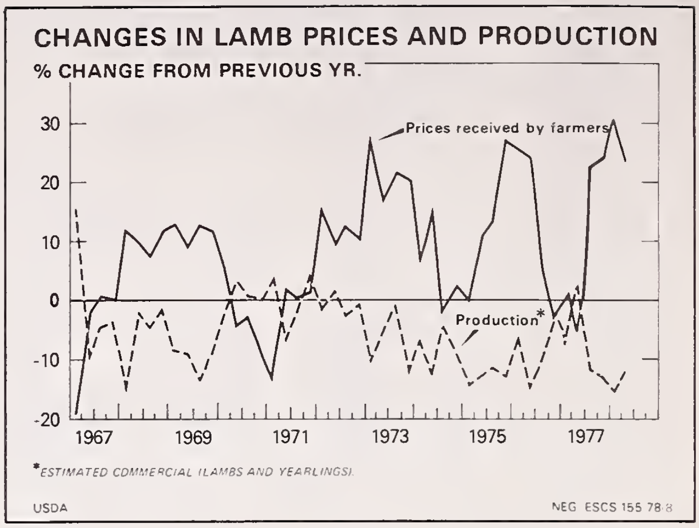
1978 Lamb Crop Down

The 1978 lamb crop is estimated at 8.02 million head, down 7 percent from 1977 and 10 percent smaller than in 1976.

On January 1 of this year the inventory of breeding ewes 1 year old and older totaled 8½ million head, 4 percent less than a year earlier. The 1978 lambing rate per 100 ewes 1 year old and older was 94 compared with 97 in 1977. This year's lambing rate was the lowest since 1969, due to the effects of prolonged cold weather last winter. In Texas, poor winter grazing conditions and unfavorable conception rates reduced the lamb crop.

Lambs born during the first half of the year largely account for second half slaughter. Slaughter this summer is expected to exceed 1.5 million head. With excellent grazing conditions in most western States, more lambs than usual may go directly from mountain ranges to slaughter this year and could hold summer production above that for the spring.

Lambing in Texas was later this year than last with that lamb crop down 14 percent. Fewer lambs will go directly from the range to slaughter this fall, contributing to a sharper seasonal decline in slaughter than usual. Slaughter numbers and weights will be down from a year ago. Delayed movement of lambs from Texas could result in a year-to-year increase in production during the winter quarter of 1979.



Choice lamb prices per 100 pounds, San Angelo

Month	Slaughter lambs			Feeder lambs		
	1976	1977	1978	1976	1977	1978
	Dollars					
Jan.	49.25	52.00	61.44	48.38	53.56	67.00
Feb.	49.00	51.25	64.88	49.69	54.81	76.31
Mar.	56.25	55.70	76.69	56.30	56.25	80.85
Apr.	62.95	59.62	73.12	62.71	59.19	73.33
May	62.12	55.56	72.85	59.56	51.38	75.05
June	50.81	52.10	61.44	48.56	46.15	68.75
July	47.81	50.42	60.62	49.38	47.33	69.33
Aug.	39.92	51.46		45.94	50.75	
Sept.	42.88	53.75		46.65	54.31	
Oct.	44.25	55.69		47.31	55.75	
Nov.	45.50	55.06		49.67	63.19	
Dec.	47.69	58.75		51.19	68.83	
Av.	49.87	54.28		51.28	55.12	

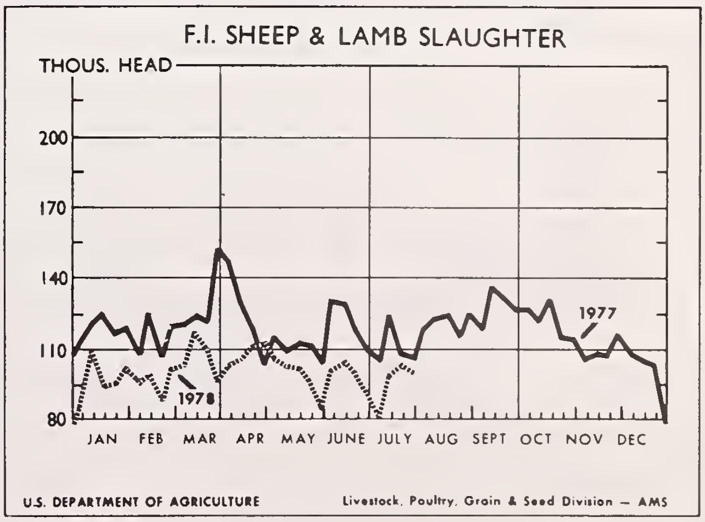


Table 8—Balance sheet for sheep and lambs, United States

Year	On farms Jan. 1	Lamb crop	Net exports	Slaughter	Deaths	Adjustment factor	On farms Dec. 31
	1,000 head						
1960	33,170	21,012	-13	16,240	4,590	-640	32,725
1961	32,725	20,782	+27	17,537	4,499	-475	30,969
1962	30,969	19,712	+16	17,168	4,437	+116	29,176
1963	29,176	18,516	+28	16,147	4,157	-244	27,116
1964	27,116	16,994	+10	14,895	4,062	-16	25,127
1965	25,127	16,312	+6	13,300	3,910	+511	24,734
1966	24,734	15,881	+51	13,003	3,614	+6	23,953
1967	23,953	15,017	+108	13,035	3,629	+25	22,223
1968	22,223	14,444	+91	12,119	3,369	+262	21,350
1969	21,350	13,723	+83	10,923	3,382	-262	20,423
1970	20,423	13,465	+121	10,802	3,116	-118	19,731
1971	19,731	12,998	+208	10,966	2,964	+148	18,739
1972	18,739	12,599	+146	10,525	2,907	-119	17,641
1973	17,641	11,500	+195	9,798	2,882	+44	16,310
1974	16,310	10,509	+209	9,073	2,678	-263	14,515
1975	14,515	9,857	+336	8,057	2,424	-244	13,311
1976	13,311	8,888	+240	6,914	2,185	-94	12,766
1977	12,766	8,605	+197	6,555	2,086	-146	12,387
1978[1]	12,387	8,023	+200	6,100	2,100		11.8-12.2
1979[1]	11.8-12.2						

[1] Preliminary.

Table 9—Lamb supplies and prices

	Commercial slaughter[1]			Average dressed weight	Commercial production	Per capita consumption[2]	Retail	Prices		
	Lambs and yearlings	Sheep	Total					San Angelo		Farm[3]
								Choice slaughter	Choice feeder	
	1,000 head			*Lb.*	*Mil. lb.*	*Lb.*	*Cents/lb.*	*Dollars per/cwt.*		
1974: I	2,082	108	2,190	54	119	.6	137.6	40.21	39.52	38.17
II	1,972	140	2,112	52	109	.6	142.5	45.22	40.21	40.43
III	2,214	199	2,413	49	118	.6	152.3	38.85	31.53	36.20
IV	1,991	141	2,132	51	108	.5	153.3	37.76	34.81	34.83
Year	8,259	588	8,847	51	454	2.3	146.4	40.51	36.52	37.00
1975: I	1,879	65	1,944	52	101	.5	155.9	41.15	37.64	38.17
II	1,773	152	1,925	50	96	.5	163.9	46.78	42.11	44.50
III	1,922	169	2,091	50	104	.5	174.7	43.17	40.08	41.17
IV	1,681	194	1,875	52	98	.5	176.1	46.69	45.78	44.37
Year	7,255	580	7,835	51	399	2.0	167.6	44.45	41.40	42.10
1976: I	1,647	69	1,716	55	95	.5	179.5	51.50	51.45	48.43
II	1.423	138	1,561	53	82	.4	189.0	58.63	56.94	55.37
III	1,655	123	1,778	52	92	.5	190.2	43.54	47.32	43.37
IV	1,558	101	1,659	55	92	.5	183.7	45.81	49.39	43.07
Year	6,283	431	6,714	54	361	1.9	185.6	49.87	51.28	46.90
1977: I	1,499	82	1,581	57	90	.5	181.9	52.98	54.87	49.00
II	1,465	160	1,625	53	86	.4	183.6	55.76	52.24	52.23
III	1,490	163	1,653	51	84	.4	191.5	51.88	50.80	50.33
IV	1,393	103	1,496	54	81	.4	191.2	56.50	62.59	53.97
Year	5,847	508	6,355	54	341	1.7	187.0	54.28	55.12	51.30
1978: I	1,273	68	1,341	56	75	.4	206.9	67.67	74.72	63.77
II	1,244	130	1,374	55	76	.4	227.2	69.14	72.38	64.73
III										
IV										
Year										

[1] Classes estimated. [2] Total, including farm production. [3] Weighted annual average.

CONSUMPTION AND PRICES

Retail red meat prices will average above first-half and year-earlier levels during the rest of 1978, reflecting smaller beef and veal supplies, higher marketing costs, and strong consumer demand for meat. Increased supplies of poultry will be available, so per person consumption of combined red meat and poultry may about equal last year's level.

The composite retail price of Choice grade beef, as measured by the Economics, Statistics, and Cooperatives Service is expected to average 25 to 30 percent higher than a year earlier during the summer and 20 to 25 percent higher during the fall. A normal seasonal price decline is expected from summer to fall.

If these forecasts are correct, 1978 will set a new record high for retail beef prices, exceeding 1977 by almost 25 percent and the previous record set in 1975 by 15 percent. However, if deflated retail beef prices—which more accurately reflect consumer purchasing power—are used, real 1978 beef prices will still be below 1973, 1974, and 1975 levels. In real dollars, retail beef prices peaked in 1973 and went down each successive year through 1977. This year they began to increase and will probably average near 1972 levels.

The retail price of pork is expected to average almost 9 percent higher during the summer and fall quarters compared with last year. A seasonal decline is expected in retail pork prices between the summer and fall months. For 1978, retail pork

Table 10—Per capita meat consumption by quarters[1]

Year	Carcass weight					Retail weight				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Beef										
1971	27.7	28.1	29.3	27.9	113.0	20.5	20.8	21.7	20.6	83.6
1972	28.2	28.9	29.4	29.6	116.1	20.9	21.4	21.7	21.9	85.9
1973	28.0	26.2	26.8	28.6	109.6	20.7	19.4	19.8	21.2	81.1
1974	28.3	28.8	29.4	30.3	116.8	20.9	21.3	21.8	22.4	86.4
1975	30.3	28.4	30.2	31.2	120.1	22.4	21.0	22.4	23.1	88.9
1976	32.8	31.2	33.5	31.8	129.3	24.3	23.1	24.8	23.5	95.7
1977	31.7	30.9	32.0	31.3	125.9	23.4	22.9	23.7	23.2	93.2
1978[2]	30.5	29.9				22.6	22.2			
Veal										
1971	.7	.6	.7	.7	2.7	.6	.5	.5	.6	2.2
1972	.6	.5	.5	.6	2.2	.5	.4	.4	.5	1.8
1973	.5	.4	.4	.5	1.8	.5	.3	.3	.4	1.5
1974	.5	.4	.6	.8	2.3	.4	.3	.5	.7	1.9
1975	.9	.9	1.2	1.2	4.2	.8	.8	1.0	1.0	3.6
1976	1.0	.9	1.0	1.1	4.0	.9	.7	.8	.9	3.3
1977	1.0	.9	1.0	1.0	3.9	.9	.7	.8	.8	3.2
1978	.9	.7				.7	.6			
Pork										
1971	20.0	19.3	19.4	20.3	79.0	17.1	16.6	16.8	17.7	68.2
1972	18.8	17.8	16.6	18.1	71.3	16.6	15.5	14.7	16.1	62.9
1973	16.6	16.2	14.4	16.7	63.9	14.9	14.5	13.1	15.1	57.6
1974	17.2	17.8	16.8	17.3	69.1	15.7	16.0	15.0	15.5	62.2
1975	15.5	14.4	12.5	13.7	56.1	14.0	13.2	11.5	12.5	51.2
1976	14.4	13.5	14.4	17.2	59.5	13.1	12.4	13.3	15.8	54.6
1977	15.6	14.9	14.7	16.3	61.5	14.5	13.7	13.5	15.0	56.7
1978[2]	15.3	15.1				14.2	13.9			
Lamb & Mutton										
1971	.8	.8	.8	.7	3.1	.7	.7	.7	.7	2.8
1972	.8	.9	.9	.7	3.3	.7	.8	.8	.6	2.9
1973	.7	.7	.7	.6	2.7	.7	.6	.6	.5	2.4
1974	.6	.6	.6	.5	2.3	.5	.5	.5	.5	2.0
1975	.5	.5	.5	.5	2.0	.5	.4	.4	.5	1.8
1976	.5	.4	.5	.5	1.9	.5	.4	.4	.4	1.7
1977	.5	.4	.4	.4	1.7	.4	.4	.4	.3	1.5
1978[2]	.4	.4				.4	.3			
Red Meat										
1971	49.2	48.8	50.2	49.6	197.8	38.9	38.6	39.7	39.6	156.8
1972	48.4	48.1	47.4	49.0	192.9	38.7	38.1	37.6	39.1	153.5
1973	45.8	43.5	42.3	46.4	178.0	36.8	34.8	33.8	37.2	142.6
1974	46.6	47.6	47.4	48.9	190.5	37.5	38.1	37.8	39.1	152.5
1975	47.2	44.2	44.4	46.6	182.4	37.7	35.4	35.3	37.1	145.5
1976	48.7	46.0	49.4	50.6	194.7	38.8	36.6	39.3	40.6	155.3
1977	48.8	47.1	48.1	49.0	193.0	39.2	37.7	38.4	39.3	154.6
1978[2]	47.1	46.1				37.9	37.0			

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[1] Total consumption including farm, 50 States. [2] Estimated.

prices are expected to average about 11 percent above last year. Retail pork prices will also set a record high this year, exceeding the 1975 record by about 5 percent. Deflated retail pork prices for 1978 would still be below 1975 levels when pork prices peaked and below 1973 and 1976 levels.

Per capita supplies of red meat probably will be reduced by almost 3 percent from a year earlier during the second half of 1978. The reduction will be the result of a possible 5-percent decrease in per capita beef supplies and a 25-percent decrease in per capita veal supplies. Pork quantities will most likely slightly exceed year-ago levels. Lamb and mutton supplies will also be down. Smaller beef supplies will be the result of reduced nonfed cattle slaughter, the primary source of hamburger type beef. Therefore, there should be a change in the composition of beef supplies, with more choice cuts and less hamburger and lean beef than a year ago.

The retail price of red meat, as measured by the Bureau of Labor Statistics' (BLS) total meat price index, averaged 10 percent higher than a year earlier during the winter and 16 percent higher during the spring of 1978. This very rapid rise in red meat prices was probably the result of a combination of events.

For example, per person supplies of red meat were down 3 and 2 percent, respectively, during the first two quarters of 1978. While it is generally agreed that small changes in meat supplies result in larger changes in meat prices, the 2.5-percent decrease in per capita supplies would not be expected to result in a 13-percent increase in retail prices.

However, another factor affecting retail prices is the amount of money consumers have available to spend on meat. A measure of this is per capita disposable personal income. During the first two quarters, this indicator increased by 4.4 and 3.7 percent respectively, from year-ago levels. Although these increases in consumer income are not extraordinary, they do indicate sustained growth. Also, during the first half of 1978, the employment rate grew while unemployment decreased.

Table 11—Expenditures per person and percent of income spent for red meat[1]

Year and quarter	Disposable income	Spent for beef[2]	Percentage	Spent for pork	Percentage	Spent for veal	Percentage	Spent for lamb	Percentage	Spent for all meat	Percentage
	Dollars	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*
1955	1,654	43.78	2.65	32.89	1.99	4.94	0.30	2.73	0.17	84.34	5.10
1960	1,934	52.65	2.72	33.39	1.73	4.11	.21	3.08	.16	93.23	4.82
1965	2,430	60.37	2.48	35.69	1.47	3.60	.15	2.64	.11	102.30	4.21
1970	3,348	85.46	2.55	48.00	1.43	2.98	.09	3.06	.09	139.50	4.17
1971	3,588	90.43	2.52	47.61	1.33	3.03	.08	3.08	.09	144.15	4.02
1972	3,837	101.92	2.66	52.01	1.36	2.90	.08	3.50	.09	160.33	4.18
1973	4,285	115.24	2.69	62.88	1.47	2.75	.06	3.20	.07	184.07	4.30
1974	4,646	126.41	2.72	67.11	1.44	3.80	.08	3.00	.06	200.32	4.31
1975											
I	1,204	30.78	2.57	15.98	1.33	1.36	.11	.75	.06	48.87	4.06
II	1,280	32.64	2.55	16.11	1.26	1.35	.11	.72	.06	50.82	3.97
III	1,281	37.12	2.90	17.09	1.33	1.68	.13	.80	.06	56.70	4.43
IV	1,312	37.15	2.83	19.13	1.46	1.83	.14	.77	.06	58.88	4.49
Year	5,077	137.68	2.71	68.90	1.36	6.23	.12	3.04	.06	215.85	4.25
1976											
I	1,344	36.74	2.73	18.48	1.38	1.55	.12	.80	.06	57.57	4.29
II	1,366	34.88	2.55	17.16	1.26	1.25	.09	.72	.05	54.02	3.96
III	1,385	36.03	2.60	18.19	1.31	1.41	.10	.77	.06	56.39	4.07
IV	1,416	34.17	2.41	18.92	1.34	1.57	.11	.75	.05	55.41	3.91
Year	5,511	141.84	2.57	73.20	1.33	5.78	.10	3.04	.06	223.86	4.06
1977											
I	1,448	33.88	2.34	17.47	1.21	1.49	.10	.76	.05	53.60	3.70
II	1,492	33.51	2,25	16.67	1.12	1.31	.09	.71	.05	52.19	3.50
III	1,525	35.31	2,32	17.62	1.16	1.46	.10	.71	.05	55.10	3.61
IV	1,573	35.53	2.26	19.23	1.22	1.57	.10	.70	.04	57.02	3.63
Year	6,038	138.23	2.29	71.04	1.18	5.84	.10	2.88	.05	217.99	3.61
1978											
I	1,609	36.73	2.28	19.47	1.21	1.31	.08	.76	.05	58.27	3.62
II	1,646	41.14	2.50	19.86	1.21	1.07	.07	.72	.04	62.80	3.81
III											
IV											
Year											

[1] Estimated from retail weight of consumption times average retail price. [2] Based on the average retail price of Choice grade beef and does not attempt to account for prices of other grades or the value of away-from-home consumption.

New CPI Now In Use

BLS has introduced a new Consumer Price Index for all urban consumers (CPI-U), and has revised the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The new and revised CPI's are the result of an 8-year effort to update and improve one of the nation's most important economic indicators.

The Department of Agriculture will now be using the CPI-U for analytical and forcasting purposes. The Livestock and Meat Situation publishes the BLS's retail meat price index, the beef and veal price index, the pork price index, and the other meats price index in the table titled "Selected Price Statistics for Meat Animals and Meat." These indexes are components of the Consumer Price Index and have been adjusted starting in January 1978 to reflect the new CPI-U.

The old retail price indexes which were part of the unrevised CPI were discontinued July 1978. The retail price indexes that were part of the old CPI do not have to be revised because they are comparable with the new series. BLS accomplished this through a process called pivoting, the result of which is a continuous series starting with the old series and using it until December 1977 and then using the new series from January 1978 into the future.

There are several improvements in the new CPI-U and the component retail meat price indexes. In the old system, only urban wage earners and clerical workers were considered, whereas, in the new series, professionals, managers, technical workers, self-employed people, short-term workers, the unemployed, retirees, and others not in the labor force are included.

An especially important improvement for the retail meat price indexes is the expansion of the sampling period. In the old series, food items were priced in the first week of each month; in the new series, they will be priced during the entire month.

An important consideration when using the retail price index is that it represents only part of what happens at the retail level. It should not be confused with expenditures, which represent the price times the quantity sold. Retail indexes are the cost of certain items in the consumer market basket, but they do not include all of the items being purchased over time.

X

Table 12— Average retail price of meat per pound, United States, by months, 1965 to date[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Beef, Choice grade[2]							
1965	78.7	78.0	77.3	79.4	81.2	84.9	85.8	84.9	83.7	83.1	83.9	83.6	82.0
1966	82.9	85.1	86.1	86.6	85.8	83.7	83.5	83.7	84.2	83.3	82.3	85.6	84.4
1967	82.3	82.8	82.7	82.3	81.5	83.9	85.3	86.0	87.6	87.3	86.4	87.3	84.6
1968	86.3	87.1	87.7	87.7	87.9	87.9	89.2	89.1	90.5	89.8	90.2	90.6	88.7
1969	91.6	91.8	93.1	95.5	100.1	104.3	105.0	103.6	101.7	97.8	99.1	99.5	98.6
1970	100.2	100.0	102.3	102.8	102.4	101.5	103.8	103.5	101.9	101.0	100.8	99.7	101.7
1971	100.5	104.7	105.8	107.6	108.6	109.5	108.6	109.6	109.9	109.1	110.4	112.7	108.1
1972	116.0	120.4	120.5	116.6	116.1	118.3	122.3	120.8	117.9	117.8	117.4	119.8	118.7
1973	127.7	136.3	141.7	142.4	142.5	142.0	143.0	151.3	152.1	142.8	141.8	141.3	142.1
1974	150.4	157.8	149.7	143.6	142.3	139.3	145.5	151.3	149.5	144.5	142.1	139.7	146.3
1975	140.5	136.5	134.5	141.8	156.7	167.3	170.8	165.0	162.3	161.9	160.7	160.1	154.8
1976	158.1	151.8	143.9	151.2	151.1	150.1	147.5	144.9	143.4	142.6	145.1	148.5	148.2
1977	147.1	144.0	142.7	143.5	148.4	147.3	148.4	149.4	149.2	152.0	152.5	155.7	148.4
1978	159.5	161.7	167.0	176.0	185.9	195.2							
						Veal, retail cuts							
1965	82.9	84.2	82.6	82.4	82.9	81.9	84.3	84.5	83.4	85.1	82.6	82.8	83.3
1966	85.1	89.2	89.4	90.3	88.5	90.7	91.1	90.6	91.3	91.3	90.5	91.4	90.0
1967	92.0	90.1	91.4	92.8	93.3	93.7	93.9	96.1	96.3	96.7	97.4	97.2	94.2
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.4	199.1	194.8	193.3	193.7	192.4	194.8	196.1	192.4	189.1	190.6	194.1
1975	187.0	183.5	179.6	180.2	182.9	183.1	186.6	181.6	178.2	176.8	176.7	177.4	181.1
1976	174.4	173.7	173.3	171.7	173.9	177.2	176.5	175.4	172.9	170.4	170.1	169.8	173.3
1977	176.7	178.4	175.2	175.8	174.9	175.2	174.6	175.6	174.3	172.3	175.8	174.5	175.3
1978	176.5	180.3	183.0	186.0	191.3	210.3							
						Pork[2]							
1965	56.9	56.1	56.8	56.5	60.2	66.0	69.8	71.1	71.7	70.7	70.5	76.6	65.2
1966	79.3	79.5	76.8	71.9	70.5	72.8	73.4	75.1	73.7	71.1	68.8	67.5	73.4
1967	66.9	65.6	63.9	62.6	65.4	69.4	70.4	69.6	68.7	66.0	66.0	64.3	66.6
1968	64.8	66.1	66.5	65.7	66.1	67.2	68.8	68.4	68.2	67.2	66.5	66.4	66.8
1969	67.3	67.9	68.4	68.5	71.0	74.3	76.2	77.6	78.2	78.0	77.4	79.0	73.6
1970	81.4	81.1	80.7	79.3	79.4	79.4	80.0	79.1	76.1	74.0	70.2	67.9	77.4
1971	67.9	68.9	69.4	68.2	67.7	69.1	70.9	71.1	70.5	70.8	70.9	72.4	69.8
1972	75.8	80.8	78.9	77.7	78.9	81.5	85.1	85.5	86.1	87.0	86.7	88.0	82.7
1973	93.6	96.6	102.5	102.2	101.9	103.6	107.0	130.9	125.7	116.5	114.8	115.2	109.2
1974	116.2	116.7	111.4	104.3	99.0	93.3	103.3	108.3	109.5	108.5	111.0	112.3	107.8
1975	114.6	114.5	113.3	115.4	122.6	130.1	143.3	149.7	153.3	158.2	153.5	147.1	134.6
1976	143.9	141.3	138.4	136.3	138.3	140.1	141.8	137.1	132.4	124.6	117.3	117.0	134.0
1977	119.5	121.0	120.9	118.8	120.8	125.6	132.0	130.2	130.7	126.8	127.4	130.5	125.4
1978	133.8	138.0	139.2	141.6	141.4	144.2							
						Lamb, Choice grade							
1965	75.4	74.4	76.4	77.5	78.3	81.4	83.8	82.5	81.5	80.5	80.2	79.1	79.2
1966	81.8	85.8	87.6	86.4	85.6	86.6	86.8	86.3	85.2	84.9	86.1	84.5	85.6
1967	84.6	83.4	83.3	82.9	84.6	88.8	89.5	89.3	90.3	89.6	90.2	89.9	87.2
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	113.0	109.7
1972	113.0	115.3	115.5	116.0	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.8
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	138.2	141.9	141.3	141.8	144.4	151.4	151.5	154.1	151.8	152.2	155.9	146.4
1975	156.0	157.1	154.5	158.2	164.2	169.2	174.9	173.5	175.7	175.0	176.5	177.0	167.6
1976	178.3	178.3	181.8	184.0	189.0	194.1	193.6	191.2	185.7	184.9	183.6	182.6	185.6
1977	181.4	182.8	181.3	178.3	183.3	188.5	192.6	192.9	188.3	189.2	193.6	189.7	186.8
1978	199.8	206.8	214.0	220.3	224.7	236.7							

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[1] Estimated weighted average price of retail cuts. Compiled by Economics, Statistics, and Cooperatives Service. [2] Series revised. See Special Article in this issue.

Supply and distribution of commercially produced meat, by months, carcass weight

Meat and period	Supply			Distribution				
	Production[5]	Beginning stocks[4]	Imports	Exports and shipments	Ending stocks[4]	Military	Civilian consumption	
							Total	Per person[2]
	Million pounds							*Pounds*
Beef:								
1977								
May	1,991	472	160	14	447	11	2,151	10.0
June	2,182	447	144	14	413	14	2,332	10.9
July	1,970	413	165	14	374	12	2,148	10.0
August	2,229	374	186	17	350	12	2,410	11.2
September	2,122	350	198	15	346	15	2,294	10.7
October	2,095	346	134	12	301	8	2,254	10.5
November	2,080	301	102	10	291	12	2,170	10.1
December	2,045	291	228	20	316	10	2,218	10.3
1978								
January	2,077	316	143	15	314	13	2,194	10.2
February	1,953	314	163	18	319	8	2,085	9.6
March	2,074	319	199	18	357	17	2,200	10.2
April	1,910	357	224	17	372	20	2,082	9.6
May	2,066	372	209	17	389	42	2,198	10.2
June	1,960	389	192	19	375	28	2,119	9.8
Veal:								
1977								
May	62	13	1	1	11	(3)	64	.3
June	66	11	1	2	12	1	63	.3
July	62	12	1	1	11	1	62	.3
August	72	11	1	1	11	1	71	.3
September	71	11	2	2	11	(3)	71	.3
October	70	11	2	1	10	(3)	72	.4
November	68	10	1	1	10	1	67	.3
December	63	10	8	1	11	(3)	69	.3
1978								
January	62	11	2	1	13	1	60	.3
February	56	13	3	(3)	13	(3)	59	.3
March	60	13	1	1	12	1	60	.2
April	50	12	2	1	13	1	49	.2
May	52	13	2	1	11	(3)	55	.3
June	47	11	1	(3)	11	1	47	.2
Lamb & Mutton:								
1977								
May	25	13	4	1	15	(3)	26	.1
June	29	15	2	1	14	(3)	31	.1
July	25	14	1	(3)	14	(3)	26	.1
August	29	14	1	(3)	14	(3)	30	.1
September	30	14	1	1	12	(3)	32	.2
October	29	12	(3)	1	10	(3)	30	.2
November	27	10	1	(3)	9	(3)	29	.1
December	25	9	3	(3)	10	1	26	.1
1978								
January	25	10	3	(3)	9	(3)	29	.1
February	22	9	4	(3)	9	(3)	26	.1
March	28	9	3	1	8	(3)	31	.2
April	25	8	5	(3)	9	(3)	29	.1
May	26	9	2	(3)	10	(3)	27	.1
June	25	10	3	(3)	10	(3)	28	.1
Pork:[5]								
1977								
May	1,044	265	39	37	270	15	1,026	4.8
June	1,021	270	42	34	228	16	1,055	4.9
July	869	228	39	29	179	8	920	4.3
August	1,074	179	35	32	145	8	1,103	5.2
September	1,130	145	32	37	158	8	1,104	5.1
October	1,151	158	27	32	166	5	1,133	5.2
November	1,241	166	17	30	209	8	1,177	5.5
December	1,108	209	50	42	186	6	1,133	5.3
1978								
January	1,050	186	42	35	174	9	1,060	4.9
February	1,013	174	42	26	174	6	1,023	4.8
March	1,179	174	50	30	218	9	1,146	5.3
April	1,093	218	46	32	281	11	1,033	4.8
May	1,125	281	40	36	281	12	1,117	5.1
June	1,046	281	37	32	259	12	1,061	4.9
Total Meat:								
1977								
May	3,122	763	204	53	743	26	3,267	15.2
June	3,298	743	189	51	667	31	3,481	16.2
July	2,926	667	206	44	578	21	3,156	14.7
August	3,404	578	223	50	520	21	3,614	16.8
September	3,353	520	233	55	527	23	3,501	16.3
October	3,345	527	163	46	487	13	3,489	16.2
November	3,416	487	121	41	519	21	3,443	16.0
December	3,241	519	289	63	523	17	3,446	16.0
1978								
January	3,214	523	190	51	510	23	3,343	15.5
February	3,044	510	212	44	515	14	3,193	14.8
March	3,341	515	253	50	595	27	3,437	15.9
April	3,078	595	277	50	675	32	3,193	14.8
May	3,269	675	252	54	691	54	3,397	15.7
June	3,078	691	233	51	655	41	3,255	15.0

[1] Excludes production from farm slaughter. [2] Derived from estimates by months of population eating out of civilian food supplies. [3] Less than 500,000 lb. [4] Beginning 1977, excludes beef and pork stocks in cooler. [5] Changed to carcass weight. See article by L.A. Duewer. [6] Totals based on unrounded data.

Selected price statistics for meat animals and meat

Item	1977			1978						
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Dollars per 100 pounds									
SLAUGHTER STEERS:										
Omaha:										
Choice, 900-1100 lb.	42.29	41.83	43.13	43.62	45.02	48.66	52.52	57.28	55.38	54.59
Good, 900-1100 lb.	37.89	37.93	39.34	39.81	40.70	44.30	47.70	51.96	50.60	50.06
California, Choice 900-1100 lb.	44.16	44.43	44.97	44.75	46.81	51.50	55.91	59.65	58.03	55.81
Colorado, Choice 900-1100 lb.	42.62	42.57	43.94	43.70	44.28	49.26	53.49	58.32	56.22	54.71
Texas, Choice 900-1100 lb.	42.20	42.10	43.69	43.72	44.75	49.21	53.10	58.23	55.94	54.42
COWS:										
Omaha:										
Commercial	25.25	24.67	26.00	28.62	31.64	33.78	38.18	40.28	38.80	39.40
Utility	24.89	23.80	25.02	27.59	30.34	32.44	36.94	39.21	37.61	38.09
Cutter	23.45	22.45	23.55	25.72	28.95	30.68	35.38	37.34	35.98	36.66
Canner	21.59	20.90	21.96	24.24	26.95	29.04	33.22	34.74	33.48	34.41
VEALERS:										
Choice, S. St. Paul	42.50	40.98	40.50	40.50	43.75	47.60	69.45	77.26	73.28	75.72
FEEDER STEERS:										
Kansas City:										
Choice, 400-500 lb.	44.48	42.95	43.84	46.15	51.78	57.64	61.10	68.17	67.00	68.42
Choice, 600-700 lb.	40.82	39.94	41.33	44.07	47.60	52.00	55.08	60.36	58.56	60.60
Good, 600-700 lb.	36.76	37.66	38.33	40.28	44.00	47.76	51.00	57.36	53.38	55.60
All weights and grades	40.18	38.79	39.71	42.85	46.89	51.39	53.81	59.85	57.42	58.67
Amarillo:										
Choice, 600-700 lb.	38.78	39.68	41.83	44.22	47.91	52.52	54.33	59.28	57.03	59.67
Good, 600-700 lb.	—	—	—	—	—	—	—	—	—	—
Georgia Auctions:										
Choice, 600-700 lb.	35.19	36.10	37.67	40.38	44.12	48.90	51.00	55.00	53.25	55.00
Good, 400-500 lb.	32.88	34.45	37.25	38.88	43.75	49.10	51.50	57.20	54.00	56.75
SLAUGHTER HOGS:										
Barrows and Gilts:										
Omaha:										
Nos. 1 & 2, 200-220 lb.	41.44	40.55	45.48	46.98	49.77	48.04	46.65	50.22	49.17	47.90
Nos. 1 & 2, 220-240 lb.	41.40	40.43	45.38	46.95	49.72	48.01	46.60	50.15	49.06	47.82
All weights	40.47	38.86	43.61	45.66	48.65	47.39	45.89	48.98	47.95	46.62
Sioux City	40.97	39.44	44.13	46.08	49.26	47.77	46.22	49.25	48.19	46.94
7 markets[1]	40.83	39.33	43.99	45.99	48.83	47.50	46.04	49.17	48.31	46.78
Sows:										
7 markets[1]	36.02	33.55	36.21	39.63	44.43	43.36	42.96	44.99	42.82	41.36
FEEDER PIGS:										
Nos. 1 & 2, So. Mo., 40-50 lb. (per hd.)	34.94	32.32	30.38	35.88	44.12	51.63	54.57	54.08	45.36	45.21
SLAUGHTER LAMBS:										
Lambs, Choice, San Angelo	55.69	55.06	58.75	61.44	64.88	76.69	73.12	72.85	61.44	60.62
Lambs, Choice, So. St. Paul	52.80	51.52	56.35	60.79	62.95	70.08	63.25	67.00	58.42	57.41
Ewes, Good, San Angelo	19.69	20.88	25.75	26.19	26.94	28.40	23.81	24.15	25.50	27.33
Ewes, Good, So. St. Paul	13.75	13.50	16.40	19.00	18.25	17.56	17.00	16.40	17.50	18.00
FEEDER LAMBS:										
Choice, San Angelo	55.75	63.19	68.83	67.00	76.31	80.85	73.33	75.05	68.75	69.33
Choice, So. St. Paul	52.90	55.08	60.68	64.97	65.52	66.66	62.32	62.56	62.50	62.11
FARM PRICES:										
Beef cattle:	35.10	34.30	35.50	37.20	39.90	43.80	47.30	50.30	51.30	49.80
Calves	37.20	36.80	37.50	40.80	44.50	49.10	52.90	58.30	59.00	59.90
Hogs	39.90	37.80	41.50	43.90	47.90	46.80	44.80	47.80	47.70	45.20
Sheep	13.20	14.10	14.60	16.30	17.60	19.20	19.30	18.80	19.20	19.10
Lambs	52.60	52.40	56.90	61.00	62.60	67.70	64.20	67.20	62.80	58.70
MEAT PRICES:										
Wholesale:										
Midwest Markets:[2]										
Steer beef, Choice, 600-700 lb.	65.87	65.47	68.10	68.74	71.08	74.88	81.43	88.48	85.95	84.81
Heifer beef, Choice, 500-600 lb.	63.89	63.85	66.34	66.96	69.22	73.27	80.15	86.74	83.84	82.46
Cow beef, Canner and Cutter	48.46	48.32	51.97	57.64	62.92	67.79	74.13	76.17	73.53	77.62
Pork loins, 8-14 lb.	85.60	76.95	88.70	91.60	92.63	90.04	89.29	97.70	100.54	97.03
Pork bellies, 12-14 lb.	49.15	43.79	51.32	59.37	67.14	74.58	70.61	66.97	56.87	57.93
Hams, skinned, 14-17 lb.	84.62	94.22	92.09	83.00	87.76	80.35	72.34	78.45	77.45	78.07
East Coast:										
Steer beef, Choice 600-700 lb.	69.44	69.02	71.46	72.32	74.70	78.21	84.60	92.18	89.74	87.77
Lamb, Choice and Prime, 35-45 lb.	110.90	107.37	118.33	124.19	128.86	135.72	133.11	135.93	122.23	116.93
Lamb, Choice and Prime, 55-65 lb.	110.66	103.12	115.50	119.36	124.50	130.32	123.00	131.57	115.12	113.46
West Coast:										
Steer Beef, Choice, 600-700 lb.	70.62	71.43	72.58	72.19	74.57	79.25	85.51	92.37	91.37	88.06
Retail:[3]										
Beef, Choice	152.0	152.5	155.7	159.5	162.7	166.3	176.0	185.9	195.2	
Veal	180.5	184.9	184.5	176.5	180.3	183.0	186.0	191.3	210.3	
Pork	126.8	127.4	130.5	133.8	138.0	139.2	141.6	141.4	144.2	
Lamb	189.5	193.9	190.1	199.8	206.8	214.0	220.3	224.7	236.7	
Price Indexes (BLS, 1967=100)										
Wholesale meat	175.7	174.7	183.6	185.9	198.2	197.6	205.3	216.0	220.4	
Retail meat	176.3	174.5	178.3	183.1	188.7	193.6	200.8	206.2	216.5	
Beef and veal	163.7	166.0	168.0	171.1	177.0	182.0	191.9	201.0	216.0	
Pork	194.2	193.8	191.7	199.6	205.2	208.4	211.5	211.3	215.8	
Other meats	179.0	180.0	182.3	186.5	191.2	198.5	204.5	208.8	214.4	
LIVESTOCK-FEED RATIOS, OMAHA[2]										
Beef steer-corn	23.6	20.7	21.1	21.7	22.2	22.8	23.3	24.4	23.8	25.5
Hog-corn	22.6	19.2	21.4	22.7	24.0	22.2	20.4	20.9	20.6	21.8

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[1] St. Louis N.S.Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. [2] Bushels of No. 2 Yellow Corn equivalent in value of 100 pounds liveweight. [3] See special article.

Selected marketings, slaughter and stock statistics for meat animals and meat

Item	Unit	1977						1978					
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
FEDERALLY INSPECTED:													
Slaughter:													
Cattle	1,000 head	3,085	3,489	3,320	3,282	3,244	3,200	3,238	3,046	3,243	2,969	3,215	3,052
Steers	1,000 head	1,481	1,636	1,477	1,422	1,416	1,438	1,500	1,450	1,553	1,410	1,549	1,442
Heifers	1,000 head	839	990	1,010	969	866	862	905	851	934	855	909	864
Cows	1,000 head	695	782	758	818	892	840	778	691	693	643	688	676
Bulls and stags	1,000 head	71	80	76	74	70	60	54	54	63	61	68	69
Calves	1,000 head	352	411	403	392	398	387	368	336	386	304	288	271
Sheep and lambs	1,000 head	468	553	568	525	477	441	425	390	487	430	451	441
Hogs	1,000 head	4,908	6,148	6,514	6,507	6,885	6,186	5,969	5,840	6,794	6,213	6,298	5,778
Percentage sows	Percent	7	6	5	5	6	6	5	6	5	4	4	5
Average liveweight per head													
Cattle	Pounds	1,023	1,021	1,021	1,020	1,026	1,033	1,041	1,037	1,033	1,032	1,033	1,032
Calves	Pounds	208	213	207	211	206	196	211	208	205	207	220	213
Sheep and lambs	Pounds	104	103	103	109	110	109	111	113	113	113	112	111
Hogs	Pounds	239	238	236	239	243	239	236	233	234	237	241	244
Average dressed weight													
Beef	Pounds	602	602	602	597	596	597	606	605	605	607	608	609
Veal	Pounds	123	125	124	126	123	116	125	122	119	119	126	128
Lamb and mutton	Pounds	51	51	51	54	55	56	56	57	57	57	56	55
Pork	Pounds	171	169	168	171	173	171	169	167	167	170	172	175
Production:													
Beef	Mil. lb.	1,854	2,092	1,993	1,956	1,929	1,908	1,956	1,838	1,956	1,798	1,948	1,850
Veal	Mil. lb.	43	51	49	49	48	45	46	41	46	37	38	35
Lamb and mutton	Mil. lb.	24	28	29	28	26	24	24	22	28	24	25	24
Pork	Mil. lb.	835	1,033	1,090	1,107	1,189	1,053	1,006	973	1,132	1,053	1,083	1,007
COMMERCIAL:													
Slaughter:[1]													
Cattle	1,000 head	3,307	3,750	3,572	3,556	3,542	3,470	3,468	3,268	3,468	3,180	3,435	3,257
Calves	1,000 head	420	485	475	471	474	450	425	387	439	352	336	318
Sheep and lambs	1,000 head	486	578	588	545	495	455	438	402	502	450	468	457
Hogs	1,000 head	5,121	6,410	6,762	6,771	7,198	6,528	6,240	6,090	7,068	6,459	6,556	6,022
Production:													
Beef	Mil. lb.	1,970	2,229	2,122	2,095	2,080	2,045	2,077	1,953	2,074	1,910	2,066	1,960
Veal	Mil. lb.	62	72	71	70	68	63	62	56	60	50	52	47
Lamb and mutton	Mil. lb.	25	29	30	29	27	25	25	22	28	25	26	25
Pork	Mil. lb.	869	1,074	1,136	1,151	1,241	1,108	1,050	1,013	1,179	1,093	1,125	1,046
COLD STORAGE STOCKS FIRST OF MONTH:[2]													
Beef	Mil. lb.	413	374	350	346	301	291	316	314	319	357	372	389
Veal	Mil. lb.	12	11	11	11	10	10	11	13	13	12	13	11
Lamb and mutton	Mil. lb.	14	14	14	12	10	9	10	9	9	8	9	10
Pork	Mil. lb.	228	179	145	158	166	209	186	174	174	218	281	281
Total meat and meat products[3]	Mil. lb.	723	629	569	579	532	565	567	560	574	662	748	759
FOREIGN TRADE:													
Imports: (carcass weight)													
Beef and veal	Mil. lb.	166	187	200	136	103	236	145	166	200	227	210	193
Pork	Mil. lb.	39	35	32	27	17	50	42	42	50	46	40	37
Lamb and mutton	Mil. lb.	1	1	1	(4)	1	3	3	4	3	5	3	3
Exports: (carcass weight)													
Beef and veal	Mil. lb.	9.13	10.36	8.63	9.02	8.56	11.58	10.05	13.43	12.99	13.45	11.35	14.63
Pork	Mil. lb.	21.51	23.11	27.14	26.44	28.48	25.20	23.53	14.60	19.15	21.50	24.23	20.56
Lamb and mutton	Mil. lb.	.21	.19	.45	.48	.39	.39	.32	.29	.55	.21	.16	.11
Live animal imports:													
Cattle	Number	36,451	32,183	50,438	63,641	199,276	226,361	99,989	116,515	96,058	145,015	128,024	63,833
Hogs	Number	5,368	4,519	3,929	3,382	3,090	3,042	2,282	3,851	6,386	12,181	15,318	15,701
Sheep and lambs	Number	47	979	659	5,241	1,202	180	3	1	0	36	20	60
Live animal exports:													
Cattle	Number	8,159	9,672	15,010	10,787	11,873	11,846	4,962	7,419	5,351	6,304	7,884	12,134
Hogs	Number	289	933	1,224	485	1,110	849	652	659	1,134	659	475	1,751
Sheep and lambs	Number	8,798	13,281	14,905	24,710	14,771	31,537	5,964	3,255	12,013	3,859	30,148	16,125

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[1] Federally inspected and other commercial. [2] Beginning Jan. 1977 excludes beef and pork stocks in cooler. [3] Includes stocks of canned meats in cooler in addition to the meats listed. [4] Less than 500,000 lb.

CHANGES IN PRICE SPREAD MEASUREMENTS FOR BEEF AND PORK

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ABSTRACT: Procedures used to estimate composite prices of Choice beef and pork at the retail, wholesale, and farm levels have been updated to more accurately measure price spreads. A brief explanation of the changes made and their effect on the series is included. Current and historical data for the new procedures are provided.

KEYWORDS: Price spreads, animal products, livestock-meat, marketing costs, beef prices, pork prices.

Except for some minor changes in 1974, procedures for calculating price spreads for Choice beef and for pork have not been updated since 1969. However, changes have occurred in the type and yield of animals slaughtered, in industry practices, and in data availability. Thus, a detailed examination of all procedures was made to determine needed changes. The results of this examination are now being put into effect.

This article includes a brief description of the revisions made, the estimated effects of each change, and the combined effects of all changes to the series. The new current series and consistent historical data are also presented.

Changes Affecting Both Beef and Pork

A price spread is the difference between the value of a product at two different levels in the industry. Accurate and meaningful determination of spreads requires that the same amount of a product be priced at each level. As in the past, most published price spread numbers are presented on the retail equivalent basis. The live and wholesale conversion factors have been updated to reflect changes in animal type and industry practices. For instance, under the new procedure 2.40 (rather than 2.28) pounds of live cattle are needed to obtain one pound of beef sold at retail. In addition, to obtain valid comparisons between market levels, the same meat product must be priced at each level. Since a live animal comes in carcass proportion, smaller cut breakdowns are weighted in carcass proportions throughout.

BLS Prices. Bureau of Labor Statistics (BLS) prices for individual beef and pork cuts have been used in the past along with prices from the USDA's Economics, Statistics, and Cooperatives Service (ESCS) retail meat survey, to obtain composite retail prices for Choice beef and pork. As a result of changes in the computation procedures for the Consumer Price Index, BLS discontinued the computation and publication of average retail prices for individual food items with June 1978 data. An average price program may be developed by BLS in the future but at a less comprehensive level.

Prices from the USDA's, ESCS retail meat price survey, that have been used in conjunction with BLS prices, are available for continued use. The new procedures use prices for 30 cuts of beef and 15 cuts of pork from the USDA meat price survey. As indicated in table 1, this resulted in only slightly different composite retail prices for Choice beef because the BLS and USDA survey prices for the cuts involved were quite similar. In the case of pork sausage, however, BLS prices were significantly higher than USDA survey prices. As a result, the shift to all USDA prices reduces the composite retail pork price (see table 2). The cutting test weight used represents the regular sau-

Table 1—Composite and individual changes in the Choice beef price spread series, 1977 data

Series	Retail price	Gross carcass value	Carcass byproduct value	Net carcass value	Gross farm value	Farm byproduct value	Net farm value	Farm-retail spread	Carcass-retail spread	Farm-retail spread	Farmers' share
	Cents per pound										*Percent*
Old	138.3	91.0	---	---	89.0	9.1	79.9	11.1	47.3	58.4	58
New	148.4	95.7	1.9	93.8	97.3	11.8	85.5	8.3	54.6	62.9	58
Difference	+10.1	+4.7	---	---	+8.3	+2.7	+5.6	-2.8	+7.3	+4.5	0

Change[1]	Changes in cents per retail lb.		
	Retail	Net carcass	Net farm
Price-volume effect ratio 0.65 to 0.7	-0.2	---	---
Defatting trimmings to ground beef	+2.6	---	---
Discountinued use of BLS prices	+1.1	---	---
Change in retail cutting tests			
Cut designations	+4.7	---	---
Weighting of cuts	+1.9	---	---
Shift to 5 market carcass price without transportation differential	---	+0.5	---
Carcass-retail conversion factor	---	+4.2	---
Carcass-retail byproduct value	---	-1.9	---
Farm-retail conversion factor	---	---	+4.3
Dropping adjustment factor used with hide and offal value	---	---	-0.2
Fat and bone effect on farm-carcass byproduct value	---	---	-2.0
Dropping adjustment factor on yield 3 live price	---	---	+1.8
Dropping farmer marketing cost	---	---	+1.7
Total	+10.1	+2.8	+5.6

[1] Some changes impact on other changes. These are estimates attempting to separate out effects.

Table 2—Individual and composite changes in the pork price spread series, 1977 data

Series	Retail price	Wholesale value	Gross farm value	Byproduct value	Net farm value	Farm-wholesale spread	Wholesale-retail spread	Farm-retail spread	Farmers' share
	Cents per pound								*Percent*
Old	125.4	87.6	79.4	6.0	73.4	14.2	37.8	52.0	59
New	125.4	99.0	70.2	4.6	65.6	33.4	26.4	59.8	52
Difference	0.0	+11.4	-9.2	-1.4	-7.8	+19.2	-11.4	+7.8	-7

Change[1]	Changes in cents per retail lb.		
	Retail	Wholesale	Net farm
Price-volume effect ratio 0.52 to 0.5	+0.1	---	---
Change in yield of 4 cuts	+1.8	+1.8	---
Moving 4 cuts to byproducts	+3.4	+3.6	---
Change in weights and designation of remaining cuts	-0.5	+1.8	---
Discontinued use of BLS prices	-4.8	---	---
Update of transportation differential	---	+.6	---
Change in wholesale price series used	---	+3.1	---
W-R conversion factor (excludes 4 cut change, but includes retail shrink change)	---	-1.0	---
Other or combined effects at wholesale	---	+1.5	---
F-R conversion factor difference			
Due to 4 cuts shift to byproducts	---	---	+3.4
Due to change in hog yield, etc.	---	---	-13.7
Dropping farmer marketing costs	---	---	+1.8
Byproduct value changes	---	---	+1.3
From added products—4 cuts (-0.9)			
—Chitterlings, stomach, head meat, pigskins, brains (0.7)			
Lower lard weight (+0.7)			
Inedible change to 1.4 (+0.1)			
Changes in byproduct weighting, conversion factors, etc. (+2.2)			
Changes in price series (0.0)			
Other or combined effects	---	---	-0.6
Total	0.0	+11.4	-7.8

[1] Some changes impact on other changes. These are estimates attempting to separate out effects.

sage that could be produced given the production of other cuts.

Specials. When retailers "special" beef or pork at a lower price, the composite price of beef or pork is lowered by the price effect resulting from a lower price per pound and the volume effect resulting from the tendency to sell more pounds of a cut when it is specialed.

The price effect is computed each week and each month from price data obtained in the USDA retail meat price survey. The volume effect applied was obtained by using volume data which was collected in two periods. During 1967-68, a 6-month study was made of the relationship between price and volume effects.[1] The second period, which supported the findings of the 1968 study, was from November 1974 through June 1975, when data were collected to reexamine the price and volume effect of specials.

The new procedure for beef uses .70 as the ratio of the volume effect to the price effect rather than the .65 used previously based on the 1968 study. For pork, the new procedure uses .50 rather than .52. As indicated in tables 1 and 2, these changes have only a small effect on the estimated retail price.

Changes in Procedures for Beef

Conversions to Equivalent Weights. For meaningful price spread estimates, values must be determined for the weights of farm product (live animal) and carcass beef that are equivalent to one pound of retail product sold. While conversion factors should not be changed for short-term variations, price spreads do need to reflect long-term changes in animal type and industry practices. There has been a change to meatier animals during the last nine years. Also there has been a gradual change to selling more boneless retail cuts, cutting more steaks versus roasts, and some change in trimming procedures has occurred.

The live to carcass dressing percentage has been changed from 62.0 to 61.5 reflecting somewhat less finish on cattle marketed. The carcass-to-retail cutout was decreased from 74.6 to 74.0 to reflect more boneless cuts and trimming . The change in handling trimmings and ground beef (discussed later) drops the cutout further to 71.3. Retail shrink, which includes pilferage, rewraps, conversion to other cuts, and spoilage, was left unchanged at 5 percent, which lowers the final carcass cutout to 67.8 percent.

These changes result in the following overall conversion factors: farm-carcass=1.63, carcass-retail=1.48, and farm-retail=2.40. Thus, a 1,000-pound steer produces 417 pounds of beef sold at retail. The old conversion was 439 pounds.

Nomenclature for retail cuts is changed to reflect the new Uniform Retail Meat Identity Standards (URMIS) with a few changes in cut identity and weighting to reflect current merchandising methods.

Ground Beef Versus Trim Content. Breaking a beef carcass provides both retail cuts and trimmings. Trimmings from a Choice Yield 3 carcass are normally about 40 percent fat, which exceeds the legal maximum content of fat in ground beef. Under the new procedures, the weight of the trimmings is lowered to remove enough fat to provide a regular ground beef containing 28.6 percent fat and a lean ground beef containing 20 percent fat. The old procedure used the total weight of trimmings as ground beef. The new procedure tends to raise the composite price of all beef since the weight of ground beef (a lower priced cut) decreases. Retailers normally buy additional boneless lean beef to mix with the trimmings to bring the fat percentage down; and they sell more ground beef than would be obtained from carcass trimmings alone.

Carcass-Retail Byproduct Value. Defatting trimmings adds to the quantity of fat and bone obtained as byproducts of breaking carcasses to retail cuts. A total of 19.46 percent of the carcass weight is estimated as fat (2.66 percent of this from defatting trimmings) and 9.20 percent as bone. Under the new procedures fat and bone are treated as byproducts. In the past, price spread procedures ignored this fat and bone. Since byproducts are a part of the live animal that has value, but are not part of retail cuts, a true spread is not obtained unless their value is subtracted. In this way, the carcass value and the net farm value represent the value of the meat only.

The value of the fat and bone depends on the quantity available, its location, and the use made of it. USDA, Agricultural Marketing Service (AMS) price series for bone and fat at Midwest packing plants are used as a base price, but this price is reduced 25 percent to allow for small volume lots and discounted bone and fat trimmed off at the retail store.

The byproduct value in the carcass-retail spread must also be included in the computation of the farm-carcass byproduct value. As a result, the net carcass and net farm values were each lowered about two cents in 1977, thereby widening the carcass-retail and farm-retail spreads. Historical values prior to January 1976 were computed using the percentage relationship found for 1976 (this factor is 1.8 percent of the gross carcass value).

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[1] See Duewer, Lawrence A., "Effects of Specials on Composite Meat Prices," *Agricultural Economics Research*, Vol. 21, No. 3, July 1969, USDA, Washington, D.C.

Farmer Marketing Costs. The new procedure uses the average of eight market prices to compute the farm value. Farmer marketing costs (transportation and associated costs of marketing) are no longer subtracted from the market price to obtain a farm price. This change in procedure increases the farm value by the amount of the farmer marketing costs. It also has the effect of increasing the farmers' share of the consumers' dollar. As a result, the farm-carcass spread more nearly approximates a packer margin, is consistent with producers considering marketing costs as part of their cost of operation, avoids the question of shrinkage during marketing, and is more appropriate for the increasing number of cattle being sold direct.

Farm-Carcass Byproduct Value. Farm-to-carcass byproduct values are computed to subtract the portion of the value of the live animal attributable to sales of product removed in obtaining a hanging carcass. The hide and offal value data collected by AMS are utilized to obtain the byproduct value. The only significant change in procedure is to include the effect of the addition of the carcass-retail byproduct value back to the net farm value.

Live Cattle Price Series. Due to the discontinuance on June 1, 1975, of the 7-market series collected by AMS, a new source of live cattle prices was developed. In anticipation of these data being dropped and in order to specify yield grade as well as quality grade, AMS provided Choice Yield 3 prices for 1,000-1,200 pound steers at 8 specified markets beginning in April 1975. Four of these markets are terminals (Omaha, Sioux Falls, Sioux City, and South St. Paul) and the others are direct markets (Iowa, Texas, Colorado, and California). Prices from these eight markets are weighted uniformly. An adjustment factor based on the May 1975 difference (.9811) was used from June 1975 to the present to maintain a consistent series. Now this adjustment factor is dropped in the new procedure.

Carcass Values. The new procedure uses Choice Yield 3, 600-700 pound steer carcass prices at 5 markets (East Coast, Colorado, Midwest, Amarillo Area, and Los Angeles) and weights them by population and consumption data to derive a U.S. price of carcass beef delivered to the city where consumed. In contrast, the old procedure weighted Midwest and West Coast prices and then added a transportation differential to reflect the average U.S. price of carcass beef.

Effect of Changes in the Price Spread Series for Choice Beef

Prices and values at all levels averaged higher when all the revisions were included (table 1). Retail prices are 10.1 cents higher for 1977 with the carcass and net farm values up 2.8 and 5.6 cents respectively. For 1977, the farm-retail spread increased 4.5 cents while the farmer's share remained the same. The farm-carcass spread decreased, while the carcass-retail spread increased. Since the new spread uses net carcass value, 1.9 cents of the increase in the carcass-retail spread is a result of this. The farm-carcass spread is 1.7 cents smaller because farmer marketing costs were discontinued. While the removal of fat from the weight of trimmings has only a small effect on the retail price, the carcass and farm values are affected substantially through the conversion factors. Retail cutting tests (cut-out) change the composite retail price in several ways: In table 1, cut designations refer to such changes as bone-in to boneless and different cut descriptions because of URMIS nomenclature. Cut weights include more steaks relative to roasts and a smaller amount of some low priced cuts that are in many cases ground rather than sold as low priced cuts. The need to use USDA retail survey prices entirely instead of a combination of USDA and BLS prices caused only a small change. The farmer's share did not change.

Changes in Procedures for Pork

Conversions to Equivalent Weights. A dramatic change in hog type toward meatier carcasses has occurred over the last 25 years. The lard yield per 100 pounds of live hog has declined from 14 pounds in the late 1950's to about 6 pounds now. Conversion factors are held constant in the short run, but must change as the general hog type changes.

While new procedures use 62.2 pounds of wholesale cuts per 100 pounds of live animal to represent average yield, the old method used 50 pounds which changes the conversion factors significantly. Partially offsetting this effect, however, is the shift of 4 minor cuts (jowl, neckbones, front feet, and tails) from the retail cut classification to byproducts.

The overall yield and the breakdown between cuts are, to a large extent, based on unpublished industry data. Names and weights of retail cuts were updated and made consistent with URMIS nomenclature. Retail shrink was decreased to 4.0 percent from 5.5 percent. The live to carcass dressing percentage of 71 percent was not changed, although a slight improvement may have occurred over time.

Putting all of these together results in a farm-wholesale conversion factor of 1.61, a wholesale-retail conversion factor of 1.06, and a farm-retail conversion factor of 1.70. This means that 129.1 pounds of retail pork are obtained from a 220-pound hog, compared with 112 pounds under the old method.

Wholesale Prices and Values for Pork. Since the wholesale value of pork is a weighted average of a number of pork cut prices, rather than a whole carcass price, many price series are needed. Many of the cut prices (particularly minor and byproduct prices) are not available for more than one market area. Thus, the new method continues to use the Midwest market price with a transportation differential (updated) to reflect the U.S. average price delivered to the city where consumed. Several changes were made in the sources of prices used for individual cuts.

Farmer Marketing Costs. As for beef, farmer marketing costs are no longer subtracted from the market price to get an estimated farm gate value. This increases the farm value by the amount of the farmer marketing costs and as a result narrows the spreads and increases the farmers' share.

No change is proposed in the live market hog price series. The seven Midwest markets average will continue to be used since a major portion of the slaughter hogs are produced and marketed in the Midwest.

Farm-Wholesale Byproduct Value. The pork byproduct value is computed and subtracted from the farm value since this return is separate from the value of the meat. The weight of most byproduct items, and particularly lard, has decreased from those used previously and four cuts were shifted into the byproduct category. The inedible portion of byproducts is reduced from 1.5 to 1.4 percent of the live price.

How the Pork Series Changed

Overall effects of individual changes and the composite of all changes are indicated in table 2. The wholesale value increased and the net farm value decreased significantly in 1977. While several individual changes affected the retail price, they balanced out; thus the new retail price is about the same as under the old series. The increase in the wholesale value resulted mainly from shifting the four cuts to byproducts and from making changes in the price series used (mainly for bacon and sausage). The drop in the net farm value was mostly a result of the larger yield of retail cuts per pound of live weight. This decreased the wholesale-retail spread significantly, but the farm-wholesale spread is increased even more, raising the overall farm-retail spread, as the farmer's share of the consumer dollar drops.

The increased yield of pork per 100 pounds of live hog has the largest overall effect. The decrease in retail price that occurred when use of BLS prices were dropped offset the other changes at retail. Since the retail price is the composite price of the pounds of pork sold at retail, the removal of four low priced cuts increases the composite price.

A lower byproduct value results in an increase in the net farm value. The decrease in the byproduct value reflects lower weights of byproduct items (particularly lard) and the changes in conversion factors.

Summation

Changes in the price spread series for Choice beef and for pork were needed. The difference in many of the values and spreads are significant. Historical data were recomputed to provide a consistent price spread series over recent years. These are shown in tables 3 and 4.

While only a brief explanation of the changes made and why they were made is included here, a more detailed explanation may be found in a bulletin now in process which will also provide more historical data on a quarterly and monthly basis. More historical data can be obtained by contacting Lawrence A. Duewer (202) 447-8470.

Table 3—Beef, choice yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share, 1965 to present[1]

Year	Retail prices[2]	Gross carcass value[3]	Carcass by-product allowance[4]	Net carcass value[5]	Gross farm value[6]	Farm by-product allowance[7]	Net farm value[8]	Farm-retail spread			Farmers' share[9]
								Total	Carcass-retail	Farm-carcass	
	Cents/lb.										Percent
1965	82.0	60.2	1.1	59.1	59.9	6.1	53.8	28.2	22.9	5.3	66
1966	84.4	60.7	1.1	59.6	61.0	6.7	54.3	30.1	24.8	5.3	64
1967	84.6	61.7	1.1	60.6	60.4	5.2	55.2	29.4	24.0	5.4	65
1968	88.7	65.5	1.2	64.3	64.0	5.2	58.8	29.9	24.4	5.5	66
1969	98.6	71.3	1.3	70.0	70.7	6.2	64.5	34.1	28.6	5.5	65
1970	101.7	71.1	1.3	69.8	70.2	6.3	63.9	37.8	31.9	5.9	63
1971	108.1	78.0	1.4	76.6	76.7	6.2	70.5	37.6	31.5	6.1	65
1972	118.7	83.5	1.5	82.0	85.0	9.4	75.6	43.1	36.7	6.4	64
1973	142.1	102.5	1.8	100.7	106.8	12.6	94.2	47.9	41.4	6.5	66
1974	146.3	101.8	1.8	100.0	101.5	10.1	91.4	54.9	46.3	8.6	62
1975	154.8	110.2	2.0	108.2	108.6	9.6	99.0	55.8	46.6	9.2	64
1976	148.2	93.1	1.7	91.5	94.4	10.4	84.1	64.1	56.7	7.4	57
1977	148.4	95.7	1.9	93.8	97.3	11.8	85.5	62.9	54.6	8.3	58
1972											
I	119.0	84.9	1.5	83.4	84.3	7.5	76.8	42.2	35.6	6.6	65
II	117.0	84.7	1.5	83.2	85.6	9.0	76.6	40.4	33.8	6.6	65
III	120.3	83.4	1.5	81.9	85.8	10.0	75.8	44.5	38.4	6.1	63
IV	118.3	81.1	1.5	79.6	84.2	11.1	73.1	45.2	38.7	6.5	62
1973											
I	135.2	99.3	1.8	97.5	103.1	11.9	91.2	44.0	37.7	6.3	67
II	142.3	104.4	1.9	102.5	109.6	12.8	96.8	45.5	39.8	5.7	68
III	148.8	110.1	2.0	108.1	117.9	14.0	103.9	44.9	40.7	4.2	70
IV	142.0	96.1	1.7	94.4	96.8	11.9	84.9	57.1	47.6	9.5	60
1974											
I	152.6	108.7	2.0	106.7	109.5	12.2	97.3	55.3	45.9	9.4	64
II	141.7	97.8	1.8	96.0	96.4	9.7	86.7	55.0	45.7	9.3	61
III	148.8	106.6	1.9	104.7	107.2	10.4	96.8	52.0	44.1	7.9	65
IV	142.1	94.3	1.7	92.6	92.8	8.4	84.4	57.7	49.5	8.2	59
1975											
I	137.2	90.5	1.6	89.0	87.5	7.2	80.0	57.2	48.2	9.0	58
II	155.3	118.5	2.1	116.4	117.6	9.8	107.8	47.5	38.9	8.6	69
III	166.0	120.6	2.2	118.4	118.1	10.7	107.5	58.5	47.6	10.9	65
IV	160.9	111.3	2.0	109.3	111.0	10.5	100.5	60.4	51.6	8.8	62
1976											
I	151.3	94.3	1.7	92.7	93.4	9.4	84.0	67.3	58.6	8.7	56
II	150.8	97.6	1.7	95.8	100.5	11.5	89.0	61.8	55.0	6.8	59
III	145.3	88.0	1.6	86.4	89.9	10.4	79.5	65.8	58.9	6.9	55
IV	145.4	92.6	1.7	90.9	94.0	10.2	83.8	61.6	54.5	7.1	58
1977											
I	144.6	89.9	1.7	88.2	91.2	11.5	79.7	64.9	56.4	8.5	55
II	146.4	95.5	1.9	93.6	98.6	12.5	87.0	59.4	52.8	6.6	59
III	149.0	96.1	2.1	93.9	97.3	11.6	85.7	63.3	55.1	8.2	58
IV	153.4	101.3	1.9	99.4	102.3	11.7	90.5	62.9	54.0	8.9	59
1976											
Jan.	158.1	101.5	1.7	99.8	99.5	9.9	89.6	68.5	58.3	10.2	57
Feb.	151.8	94.4	1.7	92.7	93.4	9.3	84.1	67.7	59.1	8.6	55
Mar.	143.9	87.1	1.6	85.5	87.3	9.0	78.3	65.6	58.4	7.2	54
Apr.	151.2	100.8	1.8	99.0	105.1	11.9	93.2	58.0	52.2	5.8	62
May	151.1	96.5	1.7	94.8	98.6	11.4	87.2	63.9	56.3	7.6	58
June	150.1	95.4	1.7	93.7	97.8	11.1	86.7	63.4	56.4	7.0	58
July	147.5	88.8	1.6	87.2	91.1	10.5	80.6	66.9	60.3	6.6	55
Aug.	144.9	87.5	1.6	85.9	89.6	10.3	79.3	65.6	59.0	6.6	55
Sept.	143.4	87.8	1.6	86.2	89.0	10.3	78.7	64.7	57.2	7.5	55
Oct.	142.6	89.2	1.7	87.5	91.0	10.6	80.4	62.2	55.1	7.1	56
Nov.	145.1	93.0	1.7	91.3	94.5	9.7	84.8	60.3	53.8	6.5	58
Dec.	148.5	95.7	1.7	94.0	96.4	10.3	86.1	62.4	54.5	7.9	58
1977											
Jan.	147.1	91.7	1.7	90.0	91.9	11.2	80.7	66.4	57.1	9.3	55
Feb.	144.0	90.3	1.7	88.6	91.5	11.3	80.2	63.8	55.4	8.4	56
Mar.	142.7	87.7	1.8	85.9	90.3	12.1	78.2	64.5	56.8	7.7	55
Apr.	143.5	92.8	1.9	90.9	97.2	13.1	84.1	59.4	52.6	6.8	59
May	148.4	97.9	1.9	96.0	101.3	12.8	88.5	59.9	52.4	7.5	60
June	147.3	95.7	1.9	93.8	97.2	11.7	85.5	61.8	53.5	8.3	58
July	148.4	96.9	2.1	94.8	98.6	11.6	87.0	61.4	53.6	7.8	59
Aug.	149.4	95.3	2.2	93.1	96.1	11.6	84.5	64.9	56.3	8.6	57
Sept.	149.2	96.0	2.1	93.9	97.2	11.5	85.7	63.5	55.3	8.2	57
Oct.	152.0	100.4	1.9	98.5	101.8	11.5	90.3	61.7	53.5	8.2	59
Nov.	152.5	100.1	1.9	98.2	101.0	11.8	89.2	63.3	54.3	9.0	58
Dec.	155.7	103.5	2.0	101.5	104.0	11.9	92.1	63.6	54.2	9.4	59
1978											
Jan.	159.5	104.2	2.1	102.1	104.7	12.3	92.4	67.1	57.4	9.7	58
Feb.	161.7	107.8	2.0	105.8	108.5	12.4	96.1	65.6	55.9	9.7	59
Mar.	167.0	113.4	2.0	111.4	118.1	13.1	105.0	62.0	55.6	6.4	63
Apr.	176.0	123.1	2.1	121.0	127.5	13.5	114.0	62.0	55.0	7.0	65
May	185.9	133.7	2.2	131.5	139.2	14.3	124.9	61.0	54.4	6.6	67
June	195.2	130.5	2.2	128.3	134.6	14.7	119.9	75.3	66.9	8.4	61
July											
Aug.											
Sept.											
Oct.											
Nov.											
Dec.											

[1] Revised series. [2] Estimated weighted average price of retail cuts from Choice Yield Grade 3 carcass. [3] Value of carcass quantity equivalent to 1 lb. of retail cuts. A wholesale carcass equivalent of 1,464 was used prior to 1970, it was increased gradually to 1,476 in 1976 and later years. [4] Portion of gross carcass value attributed to fat and bone trim [5] Gross carcass value minus carcass byproduct allowance. [6] Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts. The farm product equivalent of 2.36 was used prior to 1970; it was increased gradually to 2.40 in 1976 and later years. [7] Portion of gross farm value attributed to edible and inedible byproducts. [8] Gross farm value minus farm byproduct allowance. [9] Percent net farm value is of retail price.

Table 4—Pork: Retail, wholesale, and farm values, spreads, and farmers' share, 1965 to present[1]

Year	Retail price[2]	Wholesale value[3]	Gross farm value[4]	Byproduct allowance[5]	Net farm value[6]	Farm-Retail Spread			Farmers' share[7]
						Total	Wholesale-retail	Farm-wholesale	
	Cents/lb.								Percent
1965	65.2	55.8	44.0	3.9	40.1	25.1	9.4	15.7	62
1966	73.4	61.6	48.0	4.1	43.9	29.5	11.8	17.7	60
1967	66.6	55.0	39.2	2.9	36.3	30.3	11.6	18.7	55
1968	66.8	55.3	38.0	2.4	35.6	31.2	11.5	19.7	53
1969	73.6	62.8	46.4	3.7	42.7	30.9	10.8	20.1	58
1970	77.4	63.4	43.0	3.7	39.3	38.1	14.0	24.1	51
1971	69.8	57.0	34.9	2.9	32.0	37.8	12.8	25.0	46
1972	82.7	71.3	49.6	3.4	46.2	36.5	11.4	25.1	56
1973	109.2	95.8	73.8	6.2	67.6	41.6	13.4	28.2	62
1974	107.8	85.5	63.6	6.4	57.2	50.6	22.3	28.3	53
1975	134.6	115.3	86.5	6.6	79.8	54.8	19.3	35.5	59
1976	134.0	105.2	75.8	4.8	71.0	63.0	28.8	34.2	53
1977	125.4	99.0	70.2	4.6	65.6	59.8	26.4	33.4	52
1972									
I	78.5	67.0	45.7	3.2	42.5	36.0	11.5	24.5	54
II	79.4	66.7	46.2	3.3	42.9	36.5	12.7	23.8	54
III	85.6	73.4	53.3	3.6	49.7	35.9	12.2	23.7	58
IV	87.2	78.2	53.4	3.5	49.9	37.3	9.0	28.3	57
1973									
I	97.6	87.9	64.8	4.5	60.3	37.3	9.7	27.6	62
II	102.6	87.2	67.0	5.8	61.2	41.4	15.4	26.0	60
III	121.2	111.7	89.2	8.0	81.2	40.0	9.5	30.5	67
IV	115.5	96.5	74.5	6.8	67.7	47.8	19.0	28.8	59
1974									
I	114.8	90.9	68.7	6.7	62.0	52.8	23.9	28.9	54
II	98.9	73.3	50.1	4.7	45.4	53.5	25.6	27.9	46
III	107.0	85.6	65.5	6.5	59.0	48.0	21.4	26.6	55
IV	110.6	92.2	69.9	7.4	62.5	48.1	18.4	29.7	56
1975									
I	114.1	95.2	69.3	5.5	63.7	50.4	18.9	31.5	56
II	122.7	107.5	81.1	6.3	74.8	47.9	15.2	32.7	61
III	148.8	132.0	103.6	7.9	95.7	53.1	16.8	36.3	64
IV	152.9	126.6	91.9	6.6	85.2	67.7	26.3	41.4	56
1976									
I	141.2	112.1	83.0	5.4	77.6	63.6	29.1	34.5	55
II	138.2	112.9	85.1	5.3	79.8	58.4	25.3	33.1	58
III	137.1	104.5	75.9	5.0	70.9	66.2	32.6	33.6	52
IV	119.6	91.5	59.2	3.7	55.5	64.1	28.1	36.0	46
1977									
I	120.5	95.0	66.4	4.5	61.9	58.6	25.5	33.1	51
II	121.7	96.6	69.4	4.8	64.6	57.1	25.1	32.0	53
III	131.0	100.9	74.5	4.8	69.7	61.3	30.1	31.2	53
IV	128.2	103.3	70.4	4.4	66.0	62.2	24.9	37.3	52
1976									
Jan.	143.9	115.3	83.7	5.3	78.4	65.5	28.6	36.9	55
Feb.	141.3	113.2	84.5	5.6	78.9	62.4	28.1	34.3	56
Mar.	138.4	107.7	80.8	5.2	75.6	62.8	30.7	32.1	55
Apr.	136.3	110.8	82.8	5.2	77.6	58.7	25.5	33.2	57
May	138.3	113.7	84.6	5.3	79.3	59.0	24.6	34.4	57
June	140.1	114.3	87.9	5.4	82.5	57.6	25.8	31.8	59
July	141.8	110.2	83.5	5.5	78.0	63.8	31.6	32.2	55
Aug.	137.1	103.7	76.1	5.2	70.9	66.2	33.4	32.8	52
Sept.	132.4	99.5	68.1	4.4	63.7	68.7	32.9	35.8	48
Oct.	124.6	89.8	56.5	3.4	52.9	71.7	34.8	36.9	42
Nov.	117.3	89.0	55.4	3.5	51.9	65.4	28.3	37.1	44
Dec.	117.0	95.8	65.8	4.1	61.7	55.3	21.2	34.1	53
1977									
Jan.	119.5	96.4	67.2	4.4	62.8	56.7	23.1	33.6	53
Feb.	121.0	95.8	68.3	4.7	63.6	57.4	25.2	32.2	53
Mar.	120.9	92.8	63.8	4.5	59.3	61.6	28.1	33.5	49
Apr.	118.8	91.4	62.8	4.5	58.3	60.5	27.4	33.1	49
May	120.8	97.2	71.0	5.0	66.0	54.8	23.6	31.2	55
June	125.6	101.3	74.6	4.9	69.7	55.9	24.3	31.6	56
July	132.0	103.9	77.8	5.1	72.7	59.3	28.1	31.2	55
Aug.	130.2	101.3	75.4	4.8	70.6	59.6	28.9	30.7	54
Sept.	130.7	97.7	70.4	4.5	65.9	64.8	33.0	31.8	50
Oct.	126.8	100.7	69.4	4.4	65.0	61.8	26.1	35.7	51
Nov.	127.4	102.4	66.9	4.2	62.7	64.7	25.0	39.7	49
Dec.	130.5	106.7	74.8	4.5	70.3	60.2	23.8	36.4	54
1978									
Jan.	133.8	101.7	78.2	5.2	73.0	60.8	32.1	28.7	55
Feb.	138.0	106.9	83.0	5.6	77.4	60.6	31.1	29.5	56
Mar.	139.2	105.8	80.8	6.0	74.8	64.4	33.4	31.0	54
Apr.	141.6	104.6	78.3	5.6	72.7	68.9	37.0	31.9	51
May	141.4	106.9	83.6	5.9	77.7	63.7	34.5	29.2	55
June	144.2	105.4	82.1	6.0	76.1	68.1	38.8	29.3	53
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									

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[1] Revised series. [2] Estimated weighted average price of retail cuts from pork carcass. [3] Value of wholesale quantity equivalent to 1 lb. of retail cuts. A wholesale carcass equivalent of 1.06 is used for all years. [4] Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts. The farm product equivalent of 2.12 was used prior to 1959; it was decreased gradually to 1.70 in 1977 and later. [5] Portion of gross farm value attributable to edible and inedible byproducts. [6] Gross farm value minus byproduct allowance. [7] Percent net farm value is of retail price.

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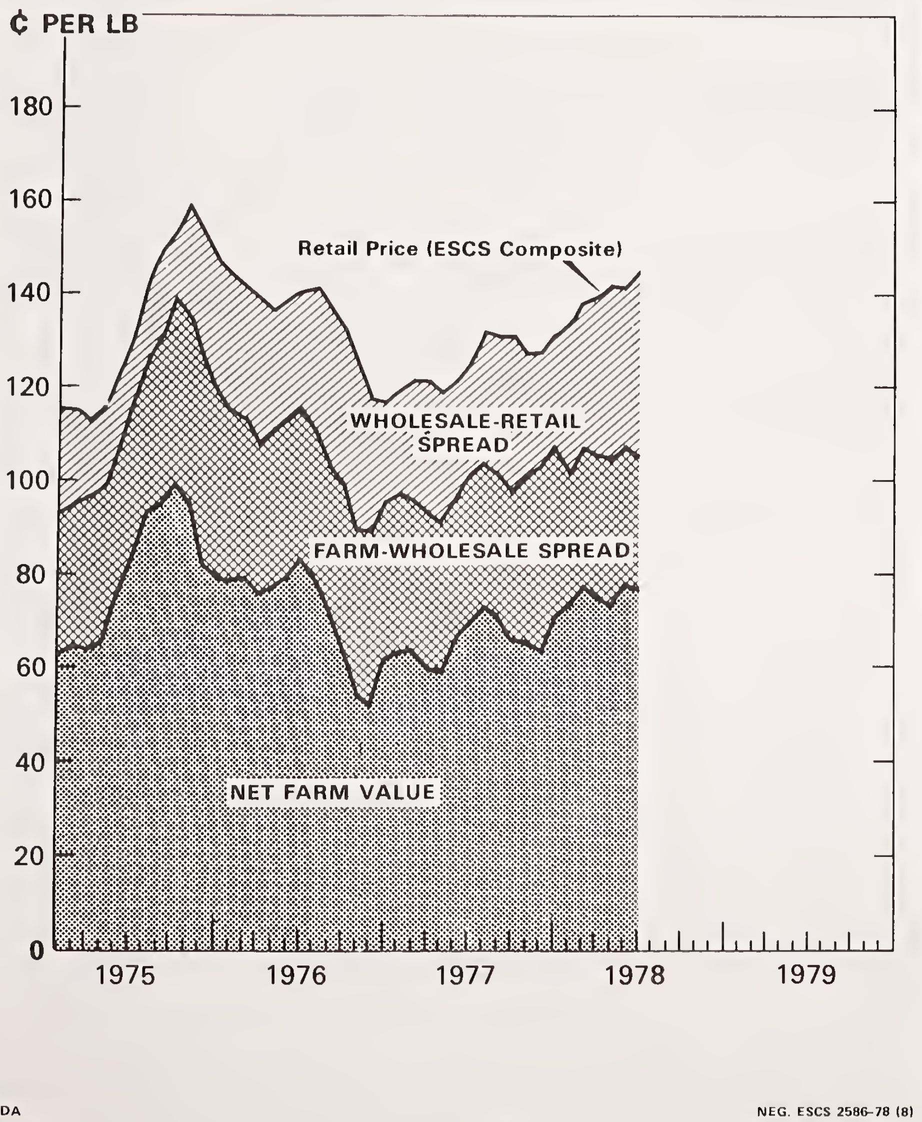

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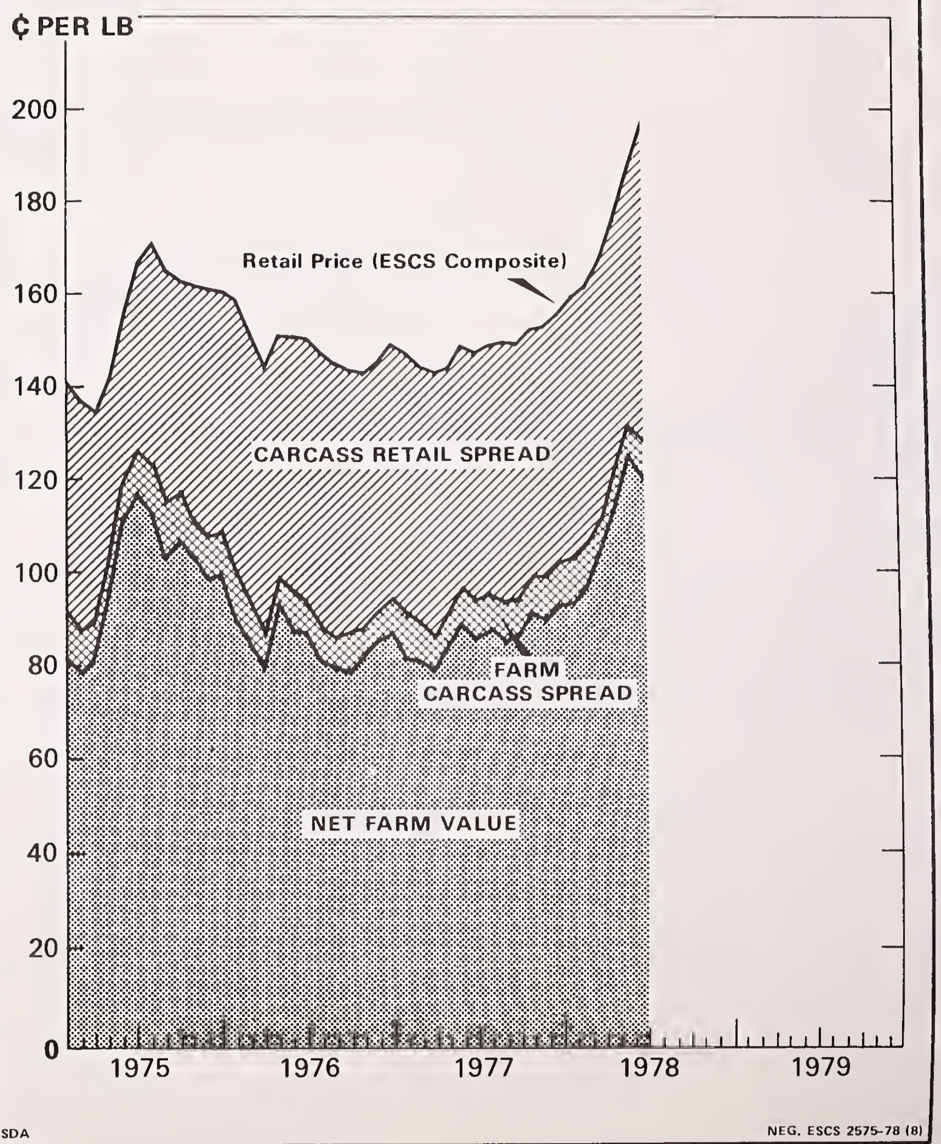

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